Minutes for September 24, 1965

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin
Gov. Robertson
Gov. Balderston
Gov. Shepardson
Gov. Mitchell
Gov. Daane
Gov. Maisel
Minutes of the Board of Governors of the Federal Reserve System on Friday, September 24, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson 1/
Mr. Shepardson
Mr. Daane 1/
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Young, Adviser to the Board and Director, Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of Examinations
Miss Eaton, General Assistant, Office of the Secretary
Mr. Morgan, Staff Assistant, Board Members' Offices


Messrs. Katz, Reynolds, and Baker of the Division of International Finance

Money market review. Reports on the Government securities market, bank credit, and foreign exchange matters were given by Messrs. Axilrod, Eckert, and Baker, following which Mr. Koch discussed the posture of monetary policy in recent weeks. For purposes of today's review, tables providing money market perspective, perspective on bank reserve utilization, and capital market perspective were distributed.

1/ Withdrew from meeting following money market review.
After a general discussion of the staff reports all members of the staff except Messrs. Sherman, Kenyon, Molony, Fauver, Solomon, (Examinations), and Goodman, and Miss Eaton withdrew and the following entered the room:

Mr. Hackley, General Counsel
Mr. Egertson, Supervisory Review Examiner, Division of Examinations
Mr. Goodfellow, Review Examiner, Division of Examinations

The following actions were taken subject to ratification at the next meeting of the Board at which a quorum was present:

**Discount rates.** The establishment without change by the following Federal Reserve Banks on September 23, 1965, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to the respective Banks: Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, and Dallas.

**Foreign investment (Item No. 1).** Following discussion based on the file that had been distributed concerning the matter, unanimous approval was given to a letter to Continental International Finance Corporation, Chicago, Illinois, granting permission to acquire shares of Union Industrial Bancaria, Barcelona, Spain.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:
Letter to the Federal Reserve Bank of Cleveland (attached Item No. 2) approving the designation of Mary Louise Kelly as special assistant examiner.

Letter to the Federal Reserve Bank of Minneapolis (attached Item No. 3) approving the appointment of Richard H. Swedean as assistant examiner.

Memoranda recommending the following actions relating to the Board's staff:

Salary increases, effective September 26, 1965

<table>
<thead>
<tr>
<th>Name and title</th>
<th>Division</th>
<th>Basic annual salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>From</td>
</tr>
<tr>
<td>Research and Statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jo Ann C. Corrado, Secretary</td>
<td>$5,000</td>
<td>$5,165</td>
</tr>
<tr>
<td>Ruth E. Foster, Statistical Assistant</td>
<td>4,630</td>
<td>5,000</td>
</tr>
<tr>
<td>(change in title from Statistical Clerk)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sally Louise Hayes, Secretary</td>
<td>5,000</td>
<td>5,165</td>
</tr>
<tr>
<td>Nancy H. McCaslin, Technical Editor</td>
<td>7,250</td>
<td>7,710</td>
</tr>
<tr>
<td>(change in title from Editorial Assistant)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nancy H. Teeters, Economist (5-hour day)</td>
<td>6,628</td>
<td>6,851</td>
</tr>
<tr>
<td>Administrative Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles P. Brown, Operator (Duplicating Devices)</td>
<td>5,096</td>
<td>5,346</td>
</tr>
<tr>
<td>Lois A. Chandler, Utility Clerk (change in title from Clerk)</td>
<td>4,780</td>
<td>5,165</td>
</tr>
<tr>
<td>Theodore L. Jones, Operator (Duplicating Devices)</td>
<td>4,555</td>
<td>4,826</td>
</tr>
<tr>
<td>Arthur S. Myers, Mechanical Foreman</td>
<td>7,842</td>
<td>8,237</td>
</tr>
<tr>
<td>Roger M. Painter, Chauffeur</td>
<td>5,013</td>
<td>5,283</td>
</tr>
<tr>
<td>Data Processing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winofred F. Altshuler, Chart Machine Operator</td>
<td>7,955</td>
<td>8,200</td>
</tr>
</tbody>
</table>

Permission to engage in outside activity

James L. Pierce, Economist, Division of Research and Statistics, to teach a graduate course in micro-economic theory at the University of Maryland.
Continental International Finance Corporation,
231 South La Salle Street,
Chicago 90, Illinois.

Gentlemen:

In accordance with the request in your letter of August 3, 1965, addressed to Mr. Leland Ross, Vice President, Federal Reserve Bank of Chicago, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold 16,800 ordinary shares, par value Pesetas 500 each, of Union Industrial Bancaria, Barcelona, Spain, at a cost of approximately US$251,000, plus interest equalization tax of approximately US$38,000, provided such stock is acquired within one year from the date of this letter.

The foregoing consent is given with the understanding that the foreign loans and investments of your Corporation, combined with those of Continental Illinois National Bank and Trust Company of Chicago and Continental Bank International, including the investment now being approved, will not exceed the guidelines established under the Voluntary Foreign Credit Restraint Effort now in effect and that due consideration is being given to the priorities contained therein.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Mr. H. W. Huning, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Huning:

In accordance with the request contained in your letter of September 21, 1965, the Board approves the designation of Mrs. Mary Louise Kelly as a special assistant examiner for the Federal Reserve Bank of Cleveland.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Mr. Hugh D. Galusha, Jr., President,
Federal Reserve Bank of Minneapolis,
Minneapolis, Minnesota. 55440

Dear Mr. Galusha:

In accordance with the request contained in your letter of September 22, 1965, the Board approves the appointment of Richard H. Swedean as an assistant examiner for the Federal Reserve Bank of Minneapolis, effective October 4, 1965.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.