

MINUTES OF THE MEETING OF THE FEDERAL ADVISORY COUNCIL

September 17, 1962

The third statutory meeting of the Federal Advisory Council for 1962 was convened in Room 928 of the Mayflower Hotel, Washington, D. C. on September 17, 1962, at 9:30 A.M.

Present:

Ostrom Enders	District No. 1
George A. Murphy	District No. 2
Howard C. Petersen	District No. 3
Reuben B. Hays	District No. 4
Robert B. Hobbs	District No. 5
J. Finley McRae	District No. 6
Kenneth V. Zwiener	District No. 7
Sidney Maestre	District No. 8
John A. Moorhead	District No. 9
Maurice L. Breidenthal	District No. 10
I. F. Betts	District No. 11
Charles de Bretteville, Alternate	District No. 12
Herbert V. Prochnow	Secretary
William J. Korsvik	Assistant Secretary

Absent:

Elliott McAllister	District No. 12
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On motion duly made, and seconded, the mimeographed notes of the Council held on April 30-May 1, 1962, copies of which had been sent previously to the members of the Council, were approved.

A complete list of the items on the agenda for the meeting and the conclusions of the Council are to be found in the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council*, which follows on pages 35, 36, and 37 of these minutes.

The meeting adjourned at 12:30 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

MINUTES OF THE MEETING OF THE FEDERAL ADVISORY COUNCIL

September 17, 1962

At 2:30 P.M., the Federal Advisory Council convened in the Board Room of the Federal Reserve Building, Washington, D. C.

Present: Mr. George A. Murphy, President; Messrs. Ostrom Enders, Reuben B. Hays, Robert B. Hobbs, J. Finley McRae, Kenneth V. Zwiener, Sidney Maestre, John A. Moorhead, Maurice L. Breidenthal, I. F. Betts, and Charles de Bretteville, Alternate for Mr. Elliott McAllister.

Absent: Messrs. Howard C. Petersen and Elliott McAllister.

Mr. Guy E. Noyes, Director, Division of Research and Statistics, assisted by members of the Board's staff, participated in an audio-visual presentation on the current economic situation. Copies of the statement together with reproductions of the charts were sent to members of the Council.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

MINUTES OF THE MEETING OF THE FEDERAL ADVISORY COUNCIL

September 17, 1962

At 8:00 P.M., the Federal Advisory Council reconvened in Room 928 of the Mayflower Hotel, Washington, D. C.

Present: Mr. George A. Murphy, President; Messrs. Ostrom Enders, Reuben B. Hays, Robert B. Hobbs, J. Finley McRae, Kenneth V. Zwiener, Sidney Maestre, John A. Moorhead, Maurice L. Breidenthal, I. F. Betts, Charles de Bretteville, Alternate for Mr. Elliott McAllister; Messrs. Herbert V. Prochnow, Secretary, and William J. Korsvik, Assistant Secretary.

Absent: Messrs. Howard C. Petersen and Elliott McAllister.

The Council reviewed its conclusions regarding the items on the agenda and sent to the office of the Secretary of the Board of Governors the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council*, which follows on pages 35, 36, and 37, listing the agenda items with the conclusions reached by the Council. The *Memorandum* was delivered to the Federal Reserve Building at 10:30 P.M. on September 17, 1962.

The meeting adjourned at 9:15 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

CONFIDENTIAL

MEMORANDUM TO THE BOARD OF GOVERNORS
FROM THE
FEDERAL ADVISORY COUNCIL
RELATIVE TO THE AGENDA FOR THE JOINT MEETING
ON SEPTEMBER 18, 1962

1. What are the observations of the Council regarding (a) the performance of the economy thus far this year, and (b) the business outlook for the remainder of this year and early 1963? In reviewing recent developments, what factors are considered of most significance by the members of the Council?

The performance of the economy this year has been somewhat below expectations. Despite this development, and the fact that our labor force and productive facilities have not been fully utilized, the members of the Council believe that the year as a whole as measured by most of the indicators of aggregate economic activity, including income, employment, and production will prove to be good. They expect that business for the remainder of this year and early 1963 will continue to follow an irregular though slightly rising trend.

Among significant recent developments, the members of the Council have been particularly impressed by the demonstrated resiliency of the economy following the sharp decline in stock prices around mid-year. This resiliency has been most evident in the persistence of consumer buying, the high volume of construction activity, and the surveys of businessmen and consumers which give no indication of a cutback in buying or investment plans.

2. How does the Council appraise the current and prospective strength of the automobile and housing markets? Does the high proportion of multi-family housing starts appear to be solidly based or mainly speculative?

Although automobile sales in the next year may not equal the volume of 1962, the members of the Council expect that the demand will continue relatively good with firm used car prices, one of the essentials of a strong new car market. The large replacement market is also one of the underlying factors of strength supporting automobile sales.

The extent to which multi-family housing starts appear to be solidly based or mainly speculative varies not only from district to district but also within districts. Several members reported overbuilding, but the types of construction in which there was overbuilding varied. Furthermore, sales of older houses and rentals of older apartments are slow in some areas. The high proportion of multi-family housing starts appears to be strongly influenced by the ready availability of funds for the full financing of such projects. In some instances, the absence of the need for equity financing is encouraging speculative construction.

3. What is the Council's judgment regarding the probable effect on business capital decisions of the recent Bulletin F changes? What effects would be envisaged from enactment of the proposed investment tax credit provision?

The Council is doubtful that the over-all volume of business investment will be significantly increased as the result of the recent changes in Bulletin F or by the enactment of the proposed investment tax credit. Insofar as the changes in Bulletin F prove to be beneficial, they are likely to be more helpful to small business concerns than to large enterprises. The possibility of earning an adequate profit is the motivating and determining factor in reaching investment decisions.

4. What are the prospects for loan demand at banks during the next several months, including the demand for real estate and consumer loans?

Most members of the Council believe that loan demand at banks during the next several months will rise seasonally, while some expect the expansion will be slightly stronger. Modest increases in consumer and real estate loans are anticipated.

5. What are the Council's views regarding the degree of liquidity of the banking system?

The members of the Council are in general agreement that the liquidity of the banking system has declined this year. Although the loan deposit ratio is below recent high levels, there has been a significant increase in the holdings of municipal securities and mortgages. Moreover, lengthening of maturities has been another factor lessening liquidity of the banking system.

6. What are the Council's observations concerning the recent and prospective trend of savings and other time deposits, and the effects from the standpoint of bank portfolio management?

Members of the Council report that the volume of savings and other time deposits continues to increase. The rate of growth, however, while more rapid than last year, is less than it was in the early months of 1962. The Council believes that the volume of savings and other time deposits will grow but at a decreasing rate. The squeeze on bank profit margins has resulted in an increase in the holdings of municipal securities and in the expansion of real estate and consumer loans. It also has resulted in a more critical analysis of operations and costs, including interest expense.

7. What are the views of the Council with respect to the impact of current monetary and credit policy? Would the Council be inclined to place relatively more weight on domestic considerations or on international considerations?

Current monetary and credit policy has had a generally favorable impact on the economy. Despite the progress that has been made in our international payments position, the improvement has not been sufficient in the opinion of the Council to warrant placing more weight on domestic considerations in the determination of monetary policy.

MINUTES OF JOINT CONFERENCE OF THE FEDERAL ADVISORY COUNCIL
AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

September 18, 1962

At 10:30 A.M., a joint conference of the Federal Advisory Council and the Board of Governors of the Federal Reserve System was held in the Board Room of the Federal Reserve Building, Washington, D. C.

Present: Members of the Board of Governors of the Federal Reserve System:

Chairman Wm. McC. Martin, Jr.; Vice Chairman C. Canby Balderston; Governors A. L. Mills, Jr., Chas. N. Shepardson, G. H. King, Jr., and George W. Mitchell; also Mr. Merritt Sherman, Secretary, and Mr. Kenneth A. Kenyon, Assistant Secretary of the Board of Governors.

Present: Members of the Federal Advisory Council:

Mr. George A. Murphy, President; Messrs. Ostrom Enders, Howard C. Petersen, Reuben B. Hays, Robert B. Hobbs, J. Finley McRae, Kenneth V. Zwiener, Sidney Maestre, John A. Moorhead, Maurice L. Breidenthal, I. F. Betts, Charles de Bretteville, Alternate for Mr. Elliott McAllister; and Messrs. Herbert V. Prochnow, Secretary, and William J. Korsvik, Assistant Secretary.

Absent: Mr. Elliott McAllister.

President Murphy read the first item on the Agenda, and the conclusions of the Council as given in the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council* as printed on pages 35, 36, and 37 of these minutes. He added that a spirit of optimism prevailed among the members of the Council as they were impressed by the fact that the economy had weathered a number of rough spots within the past few months. The members of the Council then commented on the business situation and outlook in their respective districts.

The President read the second item, and the conclusions of the Council. In response to a question from Chairman Martin, the members of the Council stated that an ample supply of mortgage money was readily available.

President Murphy read the third item and the conclusions of the Council. A brief discussion followed.

7. What are the views of the Council with respect to the impact of current monetary and credit policy? Would the Council be inclined to place relatively more weight on domestic considerations or on international considerations?

Current monetary and credit policy has had a generally favorable impact on the economy. Despite the progress that has been made in our international payments position, the improvement has not been sufficient in the opinion of the Council to warrant placing more weight on domestic considerations in the determination of monetary policy.

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Present: Members of the Federal Advisory Council:

Mr. George A. Murphy, President; Messrs. Ostrom Enders, Howard C. Petersen, Reuben B. Hays, Robert B. Hobbs, J. Finley McRae, Kenneth V. Zwiener, Sidney Maestre, John A. Moorhead, Maurice L. Breidenthal, I. F. Betts, Charles de Bretteville, Alternate for Mr. Elliott McAllister; and Messrs. Herbert V. Prochnow, Secretary, and William J. Korsvik, Assistant Secretary.

Absent: Mr. Elliott McAllister.

President Murphy read the first item on the Agenda, and the conclusions of the Council as given in the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council* as printed on pages 35, 36, and 37 of these minutes. He added that a spirit of optimism prevailed among the members of the Council as they were impressed by the fact that the economy had weathered a number of rough spots within the past few months. The members of the Council then commented on the business situation and outlook in their respective districts.

The President read the second item, and the conclusions of the Council. In response to a question from Chairman Martin, the members of the Council stated that an ample supply of mortgage money was readily available.

President Murphy read the third item and the conclusions of the Council. A brief discussion followed.

The fourth item on the Agenda and the conclusions of the Council were then read by the President of the Council.

President Murphy then read the fifth item on the Agenda and the conclusions of the Council. He added that although the statistics suggested that the banking system was quite liquid, this could fade away rather quickly.

Governor Balderston referred to the large number of securities issued by smaller political units and raised the question of their marketability in times of crisis. The members of the Council agreed that banks must use discretion in acquiring issues of smaller communities and political subdivisions.

The sixth item and the Council's conclusions were then read by President Murphy.

The seventh item was then read by President Murphy together with the conclusions of the Council.

Chairman Martin, referring to the lack of expansion of the money supply in recent months, stated that this led to questions concerning the liquidity of the economy and the impact on business conditions. Some persons, the Chairman suggested, advocated a substantially easier monetary policy. Over the years, the Chairman continued, he had maintained there is a certain point beyond which easier money tends to hurt rather than help. The difficulty, however, was in noting when that point had been reached.

In the comments which followed, the members of the Council indicated their belief that there was an ample supply of funds available and that the existing rate structure was not an impediment to business expansion.

As an additional item, Chairman Martin noted that the Board was in receipt of a request from a Committee of the Congress for its views on proposed legislation that would permit commercial banks to underwrite and deal in revenue bonds. The members of the Council indicated that they would favor the enactment of such legislation.

The meeting adjourned at 12:50 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

NOTE: This transcript of the Secretary's notes is not to be regarded as complete or necessarily entirely accurate. The transcript is for the sole use of the members of the Federal Advisory Council. The concise official minutes for the entire year are printed and distributed later.

H.V.P.
W.J.K.

The Secretary's notes of the meeting of the Federal Advisory Council on September 17, 1962, at 9:30 A.M., in Room 928 of the Mayflower Hotel, Washington, D. C. All members of the Council were present except Mr. McAllister. Mr. Charles de Bretteville attended as an Alternate for Mr. McAllister.

The Council approved the Secretary's notes for the meeting of April 30-May 1, 1962.

President Murphy distributed to each member of the Council a number of charts of various economic series relating to the items on the Agenda.

ITEM I

WHAT ARE THE OBSERVATIONS OF THE COUNCIL REGARDING
(a) THE PERFORMANCE OF THE ECONOMY THUS FAR THIS YEAR, AND
(b) THE BUSINESS OUTLOOK FOR THE REMAINDER OF THIS YEAR AND EARLY 1963? IN REVIEWING RECENT DEVELOPMENTS, WHAT FACTORS ARE CONSIDERED OF MOST SIGNIFICANCE BY THE MEMBERS OF THE COUNCIL?

Murphy read Item I and asked members of the Council to comment. An extended discussion followed in which all participated. There was fairly general agreement that the performance of the economy this year, though somewhat below earlier projections, had been good. The expectation was that business will continue to follow an irregular though slightly rising trend for the remainder of this year and early 1963.

Among significant recent developments, a number of members were impressed by the demonstrated resiliency of the economy following the various shocks that the business community had encountered earlier in the year. Frequently mentioned was the sharp decline in stock prices around midyear. This resiliency was most evident in the persistence of consumer buying, the high volume of construction activity, and the surveys of businessmen and consumers which gave no indication of a cutback in buying or investment plans.

ITEM II

HOW DOES THE COUNCIL APPRAISE THE CURRENT AND PROSPECTIVE STRENGTH OF THE AUTOMOBILE AND HOUSING MARKETS? DOES THE HIGH PROPORTION OF MULTI-FAMILY HOUSING STARTS APPEAR TO BE SOLIDLY BASED OR MAINLY SPECULATIVE?

Murphy read Item II and invited comment from the Council. The members indicated that the high level of automobile sales is being maintained. Furthermore, they reported that the inventories of used cars were modest and that prices were firm. This is essential to a strong new car market. It was concluded that while automobile sales next year may not equal the volume of 1962, demand will continue relatively good. The replacement market, of just under five million units, was cited as another underlying factor of strength supporting automobile sales.

In the discussion of the housing market, it became apparent that the extent to which multi-family housing starts appear to be solidly based or mainly speculative varied not only from district to district but also within districts. Similarly, while several members reported overbuilding in their districts, the types of construction in which there was overbuilding varied. One of the consequences of the high volume of construction is that sales of older houses and rentals of older apartments are slow in some areas. The ready availability of funds for the full financing of multi-family housing projects appears to be one of the factors in their recent growth. A few members suggested that the absence of the need for equity financing encouraged speculative construction in some instances.

ITEM III

WHAT IS THE COUNCIL'S JUDGMENT REGARDING THE PROBABLE EFFECT ON BUSINESS CAPITAL DECISIONS OF THE RECENT BULLETIN F CHANGES? WHAT EFFECTS WOULD BE ENVISAGED FROM ENACTMENT OF THE PROPOSED INVESTMENT TAX CREDIT PROVISION?

Murphy read Item III and a brief discussion followed in which the Council expressed its doubts that the over-all volume of business investment will be significantly increased as a result of the recent changes in Bulletin F or by the enactment of the proposed investment tax credit. The discussion also disclosed that insofar as the changes in Bulletin F proved to be beneficial, they were likely to be more helpful to small business concerns than to large enterprises. There were repeated references to the profit squeeze and the need for an improvement in profit expectations if business investment is to expand.

ITEM IV

WHAT ARE THE PROSPECTS FOR LOAN DEMAND AT BANKS DURING THE NEXT SEVERAL MONTHS, INCLUDING THE DEMAND FOR REAL ESTATE AND CONSUMER LOANS?

Murphy read Item IV and invited comment from the members. The

discussion disclosed that most members of the Council expect loan demand at banks during the next several months to rise seasonally, while four of those present expect the expansion to be slightly stronger. Modest increases in consumer and real estate loans are also anticipated.

ITEM V

WHAT ARE THE COUNCIL'S VIEWS REGARDING THE DEGREE OF LIQUIDITY OF THE BANKING SYSTEM?

Murphy read Item V. The ensuing discussion found the members of the Council in general agreement that the liquidity of the banking system had declined. Exceptions to this generalization were the first and fifth districts where most of the banks are not paying maximum rates, as permitted under Regulation Q, on time and savings balances. Although the loan deposit ratio for the banking system is somewhat below recent high levels, there has been a significant increase in the holdings of municipal securities and mortgages. A number of members also reported some lengthening of maturities which has been another factor lessening the liquidity of the banking system.

ITEM VI

WHAT ARE THE COUNCIL'S OBSERVATIONS CONCERNING THE RECENT AND PROSPECTIVE TREND OF SAVINGS AND OTHER TIME DEPOSITS, AND THE EFFECTS FROM THE STANDPOINT OF BANK PORTFOLIO MANAGEMENT?

Murphy read Item VI. The members of the Council reported increases in the volume of savings and other time deposits. The rate of growth, however, while more rapid than last year, is less than it was in the early months of 1962. The Council believes that this rising trend will continue but at a decreasing rate. The squeeze on bank profit margins has resulted in an increase in the holdings of municipal securities and in the expansion of real estate and consumer loans. A number of members reported that banks in their areas were critically examining their operations and costs giving particular attention to interest expense.

ITEM VII

WHAT ARE THE VIEWS OF THE COUNCIL WITH RESPECT TO THE IMPACT OF CURRENT MONETARY AND CREDIT POLICY? WOULD THE COUNCIL BE INCLINED TO PLACE RELATIVELY MORE WEIGHT ON DOMESTIC CONSIDERATIONS OR ON INTERNATIONAL CONSIDERATIONS?

Murphy read Item VII. A brief discussion followed. In general, the Council felt that current monetary and credit policy had had a favorable impact on the economy. While the members were pleased with the progress that had been made in our international payments position, they did not believe that the improvement had been sufficient to warrant placing more weight on domestic considerations in the determination of monetary policy.

There followed a brief discussion on the possibility of a tax cut as proposed by the Administration. There was wide agreement that Federal tax reform was long overdue.

The meeting adjourned at 12:30 P.M.

The Honorable Director, Division of Research and Statistics, and other members of the Board's staff, participated in a discussion on the current economic situation, and the relationship between the Board and the courts will be called to the members of the Council when they report from the Board's staff.

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THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, 1200 G ST., N.W., WASHINGTON, D.C. 20540, MEETING OF THE BOARD OF GOVERNORS HELD AT THE MARYLAND HOTEL, 1100 MOUNTAIN VIEW DRIVE, WASHINGTON, D.C. ON SEPTEMBER 17, 1962. PRESENT: MR. CHARLES W. BRANNEN, Chairman; MR. WILLIAM H. HUNTER, Vice Chairman; MR. ROBERT S. LAMSON, Secretary; MR. JAMES M. CONNELLEY, Director of Administration; MR. JAMES H. MOSELEY, Director of Research and Statistics.

The Council reviewed and approved the attached Confidential Memorandum to the Board on the Board of Governors relative to the agenda for the joint meeting of the Council and the Board on September 10, 1962. The Memorandum was delivered to the Federal Reserve Building at 12:30 P.M. on September 17.

The meeting adjourned at 1:00 P.M.

THE COUNCIL CONVENED IN THE BOARD ROOM OF THE FEDERAL RESERVE BUILDING, WASHINGTON, D. C., AT 2:30 P.M., ON SEPTEMBER 17, 1962. ALL MEMBERS OF THE COUNCIL WERE PRESENT EXCEPT MESSRS. PETERSEN AND MC ALLISTER. MR. CHARLES de BRETTEVILLE ATTENDED AS AN ALTERNATE FOR MR. MC ALLISTER.

Mr. Guy E. Noyes, Director, Division of Research and Statistics, assisted by members of the Board's staff, participated in an audio-visual presentation on the current economic situation. Copies of the statement together with reproductions of the charts will be mailed to the members of the Council upon their receipt from the Board's staff.

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THE COUNCIL CONVENED AT 8:00 P.M. ON SEPTEMBER 17, 1962, IN ROOM 928 OF THE MAYFLOWER HOTEL. ALL MEMBERS OF THE COUNCIL WERE PRESENT EXCEPT MESSRS. PETERSEN AND MC ALLISTER. MR. CHARLES de BRETTEVILLE ATTENDED AS AN ALTERNATE FOR MR. MC ALLISTER.

The Council prepared and approved the attached Confidential Memorandum to be sent to the Board of Governors relative to the Agenda for the joint meeting of the Council and the Board on September 18, 1962. The Memorandum was delivered to the Federal Reserve Building at 10:30 P.M. on September 17.

The meeting adjourned at 9:15 P.M.

MEMORANDUM TO THE BOARD OF GOVERNORS
FROM THE
FEDERAL ADVISORY COUNCIL
RELATIVE TO THE AGENDA FOR THE JOINT MEETING
ON SEPTEMBER 18, 1962

1. What are the observations of the Council regarding (a) the performance of the economy thus far this year, and (b) the business outlook for the remainder of this year and early 1963? In reviewing recent developments, what factors are considered of most significance by the members of the Council?

The performance of the economy this year has been somewhat below expectations. Despite this development, and the fact that our labor force and productive facilities have not been fully utilized, the members of the Council believe that the year as a whole as measured by most of the indicators of aggregate economic activity, including income, employment and production will prove to be good. They expect that business for the remainder of this year and early 1963 will continue to follow an irregular though slightly rising trend.

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2. How does the Council appraise the current and prospective strength of the automobile and housing markets? Does the high proportion of multi-family housing starts appear to be solidly based or mainly speculative?

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The extent to which multi-family housing starts appear to be solidly based or mainly speculative varies not only from district to district but also within districts. Several members reported overbuilding, but the types of construction in which there was overbuilding varied. Furthermore, sales of older houses and rentals of older apartments are slow in some areas. The high proportion of multi-family housing starts appears to be strongly influenced by the ready availability of funds for the full financing of such projects. In some instances, the absence of the need for equity financing is encouraging speculative construction.

3. What is the Council's judgment regarding the probable effect on business capital decisions of the recent Bulletin F changes? What effects would be envisaged from enactment of the proposed investment tax credit provision?

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4. What are the prospects for loan demand at banks during the next several months, including the demand for real estate and consumer loans?

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5. What are the Council's views regarding the degree of liquidity of the banking system?

The members of the Council are in general agreement that the liquidity of the banking system has declined this year. Although the loan deposit ratio is below recent high levels, there has been a significant increase in the holdings of municipal securities and mortgages. Moreover, lengthening of maturities has been another factor lessening liquidity of the banking system.

6. What are the Council's observations concerning the recent and prospective trend of savings and other time deposits, and the effects from the standpoint of bank portfolio management?

Members of the Council report that the volume of savings and other time deposits continues to increase. The rate of growth, however, while more rapid than last year, is less than it was in the early months of 1962. The Council believes that the volume of savings and other time deposits will grow but at a decreasing rate. The squeeze on bank profit margins has resulted in an increase in the holdings of municipal securities and in the expansion of real estate and consumer loans. It also has resulted in a more critical analysis of operations and costs, including interest expense.

7. What are the views of the Council with respect to the impact of current monetary and credit policy? Would the Council be inclined to place relatively more weight on domestic considerations or on international considerations?

Current monetary and credit policy has had a generally favorable impact on the economy. Despite the progress that has been made in our international payments position, the improvement has not been sufficient in the opinion of the Council to warrant placing more weight on domestic considerations in the determination of monetary policy.

ON SEPTEMBER 18, 1962, AT 10:30 A.M., THE FEDERAL ADVISORY COUNCIL HELD A JOINT MEETING WITH THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM IN THE FEDERAL RESERVE BUILDING, WASHINGTON, D. C., WITH THE EXCEPTION OF MR. ELLIOTT MC ALLISTER, ALL MEMBERS OF THE COUNCIL WERE PRESENT. MR. CHARLES de BRETTEVILLE ATTENDED AS AN ALTERNATE FOR MR. MC ALLISTER.

THE FOLLOWING MEMBERS OF THE BOARD OF GOVERNORS WERE PRESENT: CHAIRMAN MARTIN, VICE CHAIRMAN BALDERSTON, GOVERNORS MILLS, SHEPARDSON, KING AND MITCHELL. MR. SHERMAN, SECRETARY, AND MR. KENYON, ASSISTANT SECRETARY, OF THE BOARD OF GOVERNORS, ALSO WERE PRESENT.

The minutes of the joint meeting are being prepared in the office of the Secretary of the Board of Governors of the Federal Reserve System. Their content will be compared with the notes of the Secretary of the Council. Assuming they are in substantial agreement, they will be distributed to the members of the Council. Each member of the Council was handed an advance print of a report entitled "Treasury and Federal Reserve Foreign Exchange Operations." The report is to appear in the September, 1962 issue of the Federal Reserve Bulletin.

The meeting adjourned at 12:50 P.M.

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The next meeting of the Council will be held November 19-20, 1962.

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Following the meeting, the members of the Council had luncheon with the Board of Governors and certain members of the Board's staff, together with a group of central bankers from abroad who are in Washington as delegates to the Annual Meetings of the International Monetary Fund and World Bank.