


STRICTLY CONFIDENTIAL (FR)

~~SECRET~~
February 2, 1970.

TO: Confidential Files

SUBJECT: Discussion at Executive
Session of the Board -
February 2, 1970.

FROM: Robert C. Holland 

At an executive session of the Board, convened at 10:00 a.m. today with all Governors and Mr. Holland in attendance, Chairman Burns raised the following matters for consideration.

1. He noted that the term of Governor Robertson as Vice Chairman would expire at the end of February, 1970, and indicated his intention to recommend to the President the reappointment of Governor Robertson for an additional four-year term beginning March 1, 1970.
2. He indicated that he had been made aware of a number of criticisms of Board operations which he wished to consider with the Board members. The chief criticisms expressed were the following:
 - a. Board members concern themselves too much with operational and administrative details.
 - b. Too much time is invested by the Board members as a group in acting upon individual cases involving regulatory actions and banking structure changes.
 - c. Excessive delays occur in Board handling of cases involving regulatory actions and banking structure changes.
 - d. The Board meets too frequently.

- e. Speeches by Board members, ^{and} also by some Reserve Bank Presidents, have occasionally exercised a disruptive influence on markets.
- f. The Board has too many heads, and this sometimes impedes efficient staff performance.
- g. Within the staff, the Legal Division is not sufficiently attuned to the progressive changes taking place in the financial system and the need to orient Board policies accordingly.

Chairman Burns asked the Board members to reflect upon these criticisms, looking to further discussions of them and the consideration of appropriate remedial actions.

- 3. Chairman Burns then referred to the matter of possible reorganization of the Board's administrative functions under the Reorganization Act, and indicated this was a subject he wished to explore with the Board in due course.
- 4. He also discussed with the Board the subject of his relationship as Chairman with the Executive Branch of the Government. He outlined briefly his current thinking in the matter, but said he wished to take account of the views which the other Board members might wish to express on this issue.

The executive session was then concluded and the Board convened in regular session for consideration of the other items reflected in the official minutes of the meeting.

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This memorandum is being incorporated by reference only in the official minutes for today's meeting. A copy of such memorandum is being distributed to each Board member, and another copy is being placed in the Secretary's sealed records.