

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF ECONOMIC STABILIZATION
WASHINGTON, D. C.

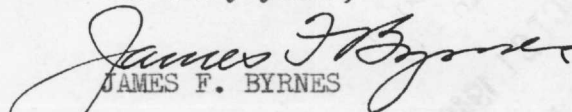
October 20, 1942

JAMES F. BYRNES
Director

Dear Sir:

I am enclosing to you a copy of the minutes of the first meeting of the Board of Economic Stabilization.

Sincerely yours,


JAMES F. BYRNES

Honorable Marriner S. Eccles
Chairman, Board of Governors of
the Federal Reserve System
Washington, D. C.

MINUTES OF MEETING OF ECONOMIC STABILIZATION BOARD

The Economic Stabilization Board held its first meeting in the Conference Room of the East Wing of the White House at 2:30 p.m. on Friday, October 16, 1942, with the Director presiding.

Present were the following:

Mr. Bell (Acting Secretary of the Treasury), Mr. Wickard, Mr. Jones, Miss Perkins, Mr. Henderson, Mr. Davis, Mr. Eccles, Mr. Murray, Mr. Robert J. Watt (representing Mr. William Green), Mr. O'Neal, Mr. Patton, Mr. Flanders, Mr. Johnston, and Mr. Lubin (Economic Advisor to the President).

The Director made a brief statement to the Board, outlining his conception of its functions. He also reported on the measures which he had taken and which he contemplated for the near future. A copy of the Director's statement is attached.

The Director requested the head of each department or agency represented on the Board to prepare, before the next meeting a memorandum with respect to the part played by his particular department or agency in the total stabilization program, including a statement of measures under consideration which are designed to assist in effectuating the policies of Executive Order 9250. The Director and several of the other members of the Board expressed the opinion that the relationship between economic stabilization and the national manpower policy was so close that it would be desirable to invite Chairman McNutt of the War Manpower Commission to attend the next meeting of the Board for a discussion of this problem.

The Director also invited the public members of the Board to present memoranda as soon as convenient outlining their suggestions as to the most effective methods for achieving economic stabilization and a fair distribution of the economic burdens of the war.

The Director announced that future meetings would be held on alternate Thursdays at 2:30 p. m., unless an emergency meeting of the President's Cabinet required postponement until Friday. The Director further requested, and all the members present agreed, that only the members of the Board themselves should attend the meetings; and in the case of necessary absences, that alternates should not be sent. It was agreed, however, that in case of the absence from Washington of any one of the heads of any of the regular government departments, the acting head of such department would be permitted to attend.

The Director announced his intention, with the agreement of the National War Labor Board, to place the control of farm wages under the Department of Agriculture. All the members present agreed that this step was desirable.

Mr. Murray commented upon the Director's reference to the desirability of close liaison between the Office of Price Administration and the War Labor Board, stating his hope that this would not lead to interference in wage matters by the Office of Price Administration.

Mr. Henderson, in reply, stated that he did not think it was the function of the Office of Price Administration to act as advocate before the War Labor Board, either in favor of or in opposition to wage increases. His sole function, Mr. Henderson stated further, was to advise the Director whether any particular wage increase would necessitate a change in price ceilings. This duty is imposed upon the Price Administrator by Executive Order 9250. This, Mr. Henderson stated, is a purely factual determination, and does not involve any expression of judgment on his part as to the desirability of either granting or denying any particular wage increase.

Mr. Davis expressed general agreement with Mr. Henderson's remarks but stressed the quantitative factor in all factual determinations. For example, Mr. Davis said, a small wage increase might not necessitate any change in price ceilings, whereas a larger increase would force such a change; and it would be desirable for the National War Labor Board to have possession of all the facts before making its determinations. Naturally, Mr. Davis further stated, the Board would welcome such facts from any source, but would retain full independence in the exercise of judgment.

Mr. Murray stated that in the past subordinate officials of the Office of Price Administration had disrupted collective bargaining relationships between employers and organized workers, and expressed apprehension lest the independence of the War Labor Board should be impaired. Mr. Watt suggested that the War Labor Board and the Office of Price Administration prepare a statement as to the details of the proposed liaison arrangements and submit it at the next meeting of the Board.

The Director then requested the various members of the Board to bring up any suggestions as to procedure or as to problems which they felt the Board should consider. Many of the members expressed the opinion that the relationship between economic stabilization and the national manpower program was the most pressing problem now in evidence, and that it should be given immediate consideration. Miss Perkins, while not in disagreement with these views, warned against flooding the War Manpower Commission with a surfeit of advice.

Mr. Bell, Mr. Jones, and Mr. Henderson suggested the desirability of submitting agenda to the members of the Board as far in advance of the meetings as possible, so that the heads of the various departments and agencies could consult with their technical staffs in preparation for the

discussions. Mr. Patten stressed the desirability of anticipating those problems which would be crucial six months or a year from the present, so that the Director and the Board would not be overtaken by too many emergencies.

At 4:30 the Board adjourned to meet again on Thursday, October 30.