

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 19, 43

To Chairman Eccles

Subject: _____

From Governor Draper

CONFIDENTIAL

The last meeting of the Executive Committee of the Open Market Committee with the Secretary was such a waste of time and patience that I believe the present procedure needs a drastic overhauling.

With this obvious fact in mind, may I suggest an outline of future procedure as follows:-

1. Staff members of the Treasury should meet only with staff members of the System.
2. Policy-forming officials of the System should meet only with the Secretary, who is the policy-forming official of the Treasury, and his associate, the Undersecretary. If such procedure requires that the Executive Committee should be represented by only two members, then I suggest that the Committee designate its Chairman and Vice Chairman to represent it at this four-man meeting.
3. This four-man meeting should take place before and not after a program has been crystallized.
4. The Manager of the System Account should be a separate person from the person who carries out fiscal agency functions. The Manager of the System Account should, at no time, express any opinion on policy unless requested to do so by the Open Market Committee and then, only to the Committee. The officer in charge of fiscal agency functions should have no connection whatsoever with the Open Market Committee.
5. Finally, may I say frankly that the Board and the Executive Committee can never place its views before the Secretary with effectiveness if those views have to be channeled first through the Treasury Staff. It was not an edifying spectacle to see four members of the Secretary's staff trying to shout down in unison the Chairman of the Board of Governors. Such exhibitions are evidence enough that our present procedure is of no value, and that future procedure should be radically revised if we hope to attain an effective collaboration with the Treasury on Government financing.

E. G. D.