

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, October 12, 1936, at 5:00 p. m.

PRESENT: Mr. Eccles, Chairman  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Thurston, Special Assistant to the  
Chairman  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Director of the Division  
of Research and Statistics  
Mr. Gardner, Research Assistant in the  
Division of Research and Statistics

Chairman Eccles stated that, during his conference with the Secretary of the Treasury last week to which he (Chairman Eccles) referred at the meeting of the Board on October 9, the Secretary had outlined to him certain further negotiations which the Treasury Department were conducting with the English and French Governments in the field of currency stabilization and had stated that the information was to be held in strictest confidence until the Treasury Department was ready to make an announcement regarding it. Chairman Eccles said that he had stated to the Secretary of the Treasury that he would like to discuss the matter with the other members of the Board but that the Secretary had replied that as the matter did not involve in any way the responsibilities of the Board and did not call for any action by the Board he

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desired that the matter be held in strict confidence. The further step now contemplated by the Treasury, Chairman Eccles said, would be announced today and he had called this meeting for the purpose of acquainting the Board members with the action proposed by the Treasury and the possible effects thereof.

At the request of the Chairman, Mr. Goldenweiser read the following statement which Mr. Eccles said would be given to the press this afternoon by the Secretary of the Treasury:

"Supplementing the announcements made by him on January 31 and February 1, 1934, to the effect that the Treasury would buy gold, and on January 31, 1934, referring to the sale of gold for export, the Secretary of the Treasury states that, (hereafter, and until, on twenty-four hours notice, this statement of intention may be revoked or altered), the United States will also sell gold for immediate export to, or earmark for the account of, the exchange equalization or stabilization funds of those countries whose funds likewise are offering to sell gold to the United States, provided such offerings of gold are at such rates and upon such terms and conditions as the Secretary may deem most advantageous to the public interest. The Secretary announces herewith, and will hereafter announce daily, the names of the foreign countries complying with the foregoing conditions. All such sales of gold will be made through the Federal Reserve Bank of New York, as fiscal agent of the United States, upon the following terms and conditions which the Secretary of the Treasury deems most advantageous to the public interest:

Sales of gold will be made at \$35 per fine ounce, plus one-quarter per cent handling charge, and sales and earmarking will be governed by the Regulations issued under the Gold Reserve Act of 1934."

In the ensuing discussion of the possible effects of the announced policy Mr. Goldenweiser stated that the statement of intention was a logical step in the development of the monetary understanding be-

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tween the United States, Great Britain and France which had been made public on September 25, and constituted the announcement by the Treasury that it stood ready to buy and sell gold to any nation that is operating a stabilization fund in a manner satisfactory to this country and that the policy laid down was a further step in the cooperation by the United States, particularly with England and France, in the program of stabilization of currencies. It was also stated that it did not appear likely that the arrangement, for the present, would affect in any material way the domestic credit situation or any other field in which the Board has a responsibility.

At the conclusion of the discussion Chairman Eccles stated that the Secretary of the Treasury had invited him and Messrs. Goldenweiser and Gardner to a conference this evening apparently for the purpose of discussing the question of currency stabilization and that he and Mr. Ransom had an appointment with the Secretary and Assistant Secretary of the Treasury Taylor tomorrow at 12:30 for the purpose of discussing the procedure to be followed in exchanging information and discussing matters which have an effect upon the respective activities and responsibilities of the Treasury Department and the Board of Governors.

Thereupon the meeting adjourned.

Approved:

W. E. Eccles  
Chairman.

Chester Morrill  
Secretary.