

A meeting of the Board of Governors of the Federal Reserve System with Presidents and Directors of Federal reserve banks was held in Washington on Wednesday, March 2, 1938, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 Mr. Szymczak
 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. Goldenweiser, Director of the Division of Research and Statistics
 Mr. Smead, Chief of the Division of Bank Operations
 Mr. Thomas, Assistant Director of the Division of Research and Statistics
 Mr. Currie, Assistant Director of the Division of Research and Statistics
 Mr. Garfield, Senior Economist in the Division of Research and Statistics
 Mr. Conklin, Senior Economist in the Division of Research and Statistics
 Mr. Bryan, Senior Economist in the Division of Research and Statistics

Messrs. H. S. Dennison, Beardsley Ruml, R. L. Austin, G. C. Brainard, Robert Lassiter, William T. Nardin, W. B. Geery, Jay Taylor, and Carlyle Thorpe, Class "C" Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, St. Louis, Minneapolis, Dallas and San Francisco.

Mr. Max W. Babb, Class "B" Director of the Federal Reserve Bank of Chicago.

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Messrs. Young, Harrison, Sinclair, Leach, Newton, Schaller, Martin, Peyton, McKinney, and Day, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco, respectively.

Mr. Zurlinden, First Vice President of the Federal Reserve Bank of Cleveland

Mr. Williams, Vice President of the Federal Reserve Bank of New York

After welcoming the directors of the Federal reserve banks and referring briefly to the position in the business and economic affairs of the country occupied by the Federal Reserve System, and the necessity of the Board of Governors having accurate statistical information available on which to base its actions, Chairman Eccles stated that the purpose of this meeting was to consider what can be done by the Federal Reserve System to place itself in closer contact with the business and financial activities of the various parts of the country in order that it may ascertain more promptly and more definitely the trend of conditions throughout the country. He stated that the statistical information obtained by the Federal Reserve System at the present time is not entirely current and that, as a result, the system's policies are determined without the advantage of accurate information with respect to the most recent trends. He said that the Board of Governors was hopeful that as a result of the plan now under consideration an approach to this problem might be worked out that will make more nearly current information available, without building up large statistical

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organizations at the Federal reserve banks, and that if the directors of the Federal reserve banks as well as the officers take an interest in the matter, the Board will have the cooperation of the business and financial communities to a degree that might not otherwise be possible.

At the request of the Chairman, Mr. Ransom conducted the meeting from this point.

Mr. Ransom stated that one of the reasons for turning to the directors in connection with the plan for expanding the business information received by the Board was to give the directors a broader view of the Federal Reserve System and to solicit their cooperation in a problem in which they could be of substantial assistance to the System. He then outlined the program of meetings which had been determined upon by the Board of Governors in connection with the plan and stated that it would be appreciated if the presidents and directors would participate freely in the discussion of the problem before the meeting.

In response to a request from Mr. Ransom, Mr. Goldenweiser outlined the statistical work conducted by the Federal Reserve System and reviewed the developments which had taken place in the statistical activities of the System since its inauguration in 1914. He also gave a description of the scope and character of the statistical information gathered by the Board of Governors and indicated some of the respects in which the information received is inadequate for the Board's pur-

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poses. He added that the plan now under consideration was proposed in order that, on the basis of the information now being collected, a further step might be taken to disclose the current plans of leading industries with respect to orders, employment, and production and the present trend of business activity, which information, while not being exact, will be indicative of the immediately present business situation. He stated further that the Federal Reserve System, with the twelve Federal reserve banks and twenty-five branches, is admirably situated to carry out the proposed plan through contacts of the officers and directors of the Federal reserve banks and branches by which they would develop the kind of information that would disclose current business trends and facilitate the policy determinations to be made by the System and particularly by the Board of Governors and the Federal Open Market Committee.

Mr. Thomas reviewed briefly the report of the Conference of Statisticians of Federal Reserve Banks on the expansion of current business information which was held in Washington on February 1 and 2, 1938. Copies of the report had been furnished to the presidents of all Federal reserve banks and the directors present at this meeting.

Mr. Ransom then called upon the presidents and directors present to express their views or to ask any questions that they might desire with respect to the plan under consideration. During the

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remainder of the morning session statements were made by Messrs. Harrison, Ruml, Williams, Geery, Peyton, Nardin, Martin, Young and Dennison.

During the session W. G. Wysor, Class C director of the Federal Reserve Bank of Richmond joined the meeting.

At 1:10 p.m. the meeting recessed and reconvened at 2:30 p.m. with the same attendance as at the recess of the morning session, except that Messrs. Dennison, Young, and McKinney were not present.

During the afternoon session statements were made by Messrs. Sinclair, Austin, Zurlinden, Brainard, Leach, Lassiter, Wysor, Schaller, Babb, Newton, Taylor, Day and Thorpe.

All of the presidents and directors were in agreement that the plan should be tried for the purpose of determining whether it would have the desired results. The opinion was generally expressed that little difficulty would be experienced in obtaining the cooperation of business concerns, trade associations, and others who might be requested to furnish information and afford opportunities for interviews. The opinion was expressed by some Presidents and directors, however, that in order to obtain the full cooperation of business concerns it would be necessary to agree to give something in return by way of making available to such concerns the results of the information collected. Question was raised as to the use which would be made of the information collected, whether it would be released to the public, and whether it would form the basis for forecasts by the Board of Governors as to future business trends. In connection with the latter

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point the opinion was expressed by some that it would be unwise for the Board to make business forecasts, at least until some experience with the new information has been had, while a few felt there would be no serious danger in such action or that it was desirable that such forecasts be made by the Board. Others questioned the reliability of information obtained by personal interviews and the ability of the statistical departments of the banks and the Board to interpret it accurately. It was explained by Mr. Goldenweiser that no forecasts were contemplated, that it was the intention at this time that the information and any interpretations thereof would be primarily for the use of the Board of Governors, and that it would not be released to the public unless, as a matter of policy, the Board felt that certain factual information, which would not reveal information regarding the operations or plans of any individual firm, should be made generally available.

At the conclusion of the statements the meeting adjourned.

Chester Morris
Secretary

Approved:

W. C. C. [Signature]
Chairman.