

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 21, 1939, at 10:35 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurston, Special Assistant to the
Chairman
Mr. Goldenweiser, Director of the Division
of Research and Statistics
Mr. Piser, Senior Economist

There was submitted a memorandum dated September 20, 1939, from Mr. Goldenweiser, recommending that the Board approve the temporary appointment for a period of not to exceed sixty calendar days, with compensation at the rate of thirty-eight dollars (\$38.00) per day, of Mr. Donald B. Woodward for the purpose of assisting Mr. Ransom with the preparation of material for submission to the Board in connection with the prospective hearings of the Senate Banking and Currency Committee. The memorandum stated that Mr. Woodward, who was in the employ of Moody's Investment Service, had obtained a leave of absence and would give his entire time to the Board during the period of his employment, and that he would pay his own expenses out of the compensation above referred to.

The memorandum also stated that Mr. Robert B. Warren of the Institute of Advanced Study at Princeton had also been approached on the subject of temporary employment by the Board for a similar purpose,

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and was expected to come to Washington within a day or two for the purpose of discussing the proposal. Mr. Goldenweiser stated that Mr. Warren may be able to come to Washington on Monday, September 25, 1939, and that it was understood that if he were in a position to accept a temporary appointment he would do so without compensation, for the reason that he would not be permitted by the Institute of Advanced Study to accept compensation.

Mr. Ransom moved that Mr. Goldenweiser's recommendation with respect to the employment of Mr. Woodward be approved.

Mr. Ransom's motion was put by the chair and carried unanimously.

Messrs. Dreibelbis, Assistant General Counsel, and Gardner, Senior Economist in the Division of Research and Statistics, joined the meeting at this point and Mr. Piser withdrew.

Mr. Morrill read a memorandum which had been addressed to him by Mr. Ransom under date of September 20, 1939, as follows:

"CONFIDENTIAL. The attached (a copy of a transcript of conversation over the telephone) reached me by hand this morning from Mr. Earle Bailie, Room 198, Treasury Department, in the envelope which is also attached. I had a telephone call from him during the morning. I was not in at the time and when I called him back he explained that this was the material which was on last Friday (September 15) sent over to us in connection with the Treasury's discussion with us on the subject of information which had been given out through the Federal Reserve Bank of New York about the price of sterling. You will recall that that material was sent over to us in the forenoon, but we were later in the morning advised that it was not proofread, and we were asked to return it. This, you did when we were over at the Treasury for a meeting at 11:30 that morning.

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"Mr. Bailie explains that this is a transcript from a stenographic record kept by the Secretary. He states that it is highly confidential and that this is the first time that the Secretary has ever had a copy of such a transcript submitted to anyone else. You will recall that it is submitted to us so that we may be advised as to such facts as may be disclosed by the transcript of these conversations, which appear to be between Mr. Knoke, Mr. Harrison, and the Secretary at different times on September 14. Mr. Bailie states that the Secretary will appreciate it if no copy is made and requests that this be returned to him at our earliest convenience.

"Will you please call this to the attention of the Board at the first opportunity. It would be my suggestion that this material be read by Mr. Dreibelbis and Mr. Gardner, so that they may be familiar with its contents before they read any report that the New York Bank may make to the Treasury on this matter, about which our opinion may be asked.

"I will appreciate it if you will personally see that the material is returned as promptly as possible under confidential cover, addressed to Mr. Bailie, and that you check with him by telephone to see that he has personally received it."

After a discussion, the suggestion contained in the memorandum was approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. S. Cooley
Chairman.