

6/18/40 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 18, 1940, at 10:45 a.m.

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

Mr. Morrill, Secretary
Mr. Goldenweiser, Director of the
Division of Research and Statistics

Chairman Eccles referred to previous informal discussions which had been had by the members of the Board with respect to a program of work which might be undertaken to answer three broad questions submitted informally to Chairman Eccles by the President: (1) What to do with our gold, (2) What to do with idle money, and (3) How to keep prices stable, and there were distributed to the members of the Board copies of a memorandum dated June 10, 1940, from Mr. Goldenweiser to Chairman Eccles, and an accompanying memorandum of information about suggested personnel who might be considered in connection with the handling of such a program in the Board's Division of Research and Statistics.

After reviewing the information contained in the memoranda presented by Mr. Goldenweiser, it was agreed unanimously to authorize Mr. Goldenweiser to enter into arrangements for the temporary employment, on the best terms that he can negotiate, of the following persons, subject to the approval of their appointments and compensation by Chairman

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Eccles on behalf of the Board:

Alvin H. Hansen
Paul Hermsberg
Rifat Tirana
Charles P. Kindleberger
Henry B. Arthur

It was understood in this connection that, inasmuch as Mr. Tirana is now in the employ of the Federal Reserve Bank of New York, his services might be obtained on a loan basis from that Bank, and that if the services of Mr. Arthur could not be obtained Mr. Goldenweiser could, under the above authority, negotiate for and engage the services on a temporary basis of either Edward S. Mann or Donald Wallace.

It was also understood that such of the above named persons as might be employed would serve as consultants or advisers in the Division of Research and Statistics, and that as far as practicable the existing members of the staff would be utilized in conjunction with these individuals in the activities contemplated for them by Mr. Goldenweiser, along the lines indicated in his memorandum of June 10 to Chairman Eccles.

It was further understood that in so far as it might become necessary to employ additional junior staff members, clerks, or stenographers, such recommendations would be submitted to the Board in the usual manner.

Chairman Eccles then stated that he would like to discuss with the members of the Board a suggestion which had been advanced that the services and facilities of the Federal Reserve System, through the medium of the Federal Reserve Banks, might be utilized in gathering information needed by the Advisory Commission to the Council of National Defense or by its members in order to facilitate their various

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activities. During the discussion it was pointed out that Mr. McCabe, Chairman of the Federal Reserve Bank of Philadelphia, was assisting the Commission as a member of the staff of Mr. Stettinius, so that an exceptional opportunity would be afforded for working out plans for utilizing the facilities of the Federal Reserve Banks through his advice and assistance.

At the conclusion of the discussion it was agreed unanimously that Mr. Szymczak should explore the possibilities of carrying out the suggestion with a view to the preparation of a formal communication to the President tendering the services of the Federal Reserve System.

Thereupon the meeting adjourned.

Phelster Morrell

Secretary.

Approved:

McCabe
Chairman.