

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, June 9, 1941, at 3:10 p.m.

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

Mr. Morrill, 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

Reference was made to the request of the Federal Open Market Committee at its last meeting that the executive committee of the Federal Open Market Committee submit a report to the full Committee with respect to desirable changes in the present methods of Treasury financing, and to the discussions of this subject by the members of the executive committee and members of its staff, which had developed differences of opinion as to the recommendations which should be made. In this connection there was read a memorandum prepared by Mr. Goldenweiser under date of June 9, 1941, entitled "Methods of Treasury Borrowing", which presented as a basis for discussion certain specific suggestions as to a possible procedure for Treasury financing, including the offering of a tap issue and that there be an undertaking on the part of the Treasury and the Federal Reserve System to prevent issues from falling below par during the period when they are on offer and to minimize fluctuations in United States bonds whenever necessary. There

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was also read a statement sent to Mr. Goldenweiser under date of June 6, 1941, by Mr. Williams, Associate Economist for the Federal Open Market Committee, and Mr. Rouse, Manager of the System Open Market Account, which stated that the program suggested in Mr. Goldenweiser's memorandum should be regarded as a series of topics for informal discussion with the Treasury rather than as a statement of a program to be submitted to the Treasury and that what was needed was a series of meetings with the Treasury and, if possible, a standardized procedure for regular conferences at which would be considered not only the technique of Treasury financing but the entire field of fiscal and monetary policy.

Chairman Eccles stated that it was contemplated by the request of the Federal Open Market Committee that this whole matter would be discussed with the Presidents of the Federal Reserve Banks at the next meeting of the Committee which would be held tomorrow and that, in view of the differences of opinion that had developed, he felt the Board of Governors as such should give consideration to the position it might take on the matter because of its interest in it as a Board.

There ensued a discussion of Mr. Goldenweiser's memorandum during which a number of changes in the memorandum were suggested.

Copies of Mr. Goldenweiser's memorandum of June 9 and the memorandum revised in accordance with the discussions at this meeting have been placed in the Board's files.

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At this point Messrs. Thurston and Goldenweiser left the meeting.

Consideration was then given to other matters which had been suggested for presentation to the Presidents the next time they were in Washington and there was unanimous agreement (1) that Chairman Eccles should inform the Presidents of the present status of the Board's plans with respect to the construction of the addition to the Board's building, (2) that he should state to the Presidents that no decision had been reached with respect to the question of obtaining for the Board of Governors authority to regulate installment credit but that if such authority should be given the Board would confer with the Federal Reserve Banks and representatives of industry and others who might be affected by such regulation before any action is taken by the Board in that field, and (3) that the memorandum prepared by Mr. Cherry, Assistant Counsel, in response to the request made by the Board at its meeting on May 27 on the subject of currency hoarding, should be read to the Presidents and the matter discussed with them, but that they should not be asked to take any action regarding it, and that the Board would study the matter further in the light of the discussion with the Presidents and take such action as appeared to be desirable.

The action stated with respect to each of the matters herein-after referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 3, 1941, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on June 4 and 6, 1941, were approved and the actions recorded therein were ratified unanimously.

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Memorandum dated June 6, 1941, from Mr. Nelson, Assistant Secretary, submitting the resignation of Mrs. Florence D. Day as a stenographer in the Secretary's Office, to become effective as of the close of business on May 18, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter dated June 7, 1941, to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Atlanta and its Branches as requested in your letter of May 28, 1941."

Approved unanimously.

Letter dated June 7, 1941, to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of your Little Rock and Memphis Branches relating to the Defense Contract Service Department, as requested in your letters dated May 31, 1941."

Approved unanimously.

Thereupon the meeting adjourned.

Constance Howell

Secretary.

Approved:

W. S. [Signature]

Chairman.