

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, August 12, 1941, at 2:30 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

There was presented a memorandum dated August 5, 1941, from Mr. Wyatt referring to a letter dated July 25, 1941, from the Assistant Director of the Budget requesting an expression of the Board's views with reference to a bill drafted by the Treasury Department which would amend existing law regarding financial agents and depositaries of public funds. The memorandum stated that the draft of bill was written in such broad terms and would give the Secretary of the Treasury such broad powers that it was almost impossible to visualize all of its implications and possibilities and that, in view of a question as to whether the Board would prefer to incorporate its criticisms of the bill in a letter to the Bureau of the Budget or to discuss the matter with the Treasury Department, there were submitted with the memorandum two alternative drafts of the letter to the Bureau of the Budget, one of which contained detailed criticisms of the bill and the other merely stated that the bill contained objectionable features which the Board wished to discuss with the Treasury Department before submitting a report. The file had been circulated among the members of the Board

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prior to consideration at this meeting.

Chairman Eccles suggested that the draft of report containing the criticisms of the bill be sent to the Secretary of the Treasury with a letter of transmittal stating that the Board proposed to send the report to the Budget Bureau in response to its request for a report on the bill but that before doing so would like to have the comments of the Treasury with respect to the draft or, if the Treasury preferred, a conference with representatives of the Treasury at which the draft of report could be discussed.

Chairman Eccles' suggestion was approved unanimously and, at the suggestion of Mr. Wyatt that someone be requested to review the draft of report before it was sent to the Treasury, Messrs. Morrill and Thurston were requested to go over the draft with the understanding that when it was in a form satisfactory to them, it would be sent by Mr. Morrill to the Secretary of the Treasury with the letter of transmittal suggested by Chairman Eccles.

It was also understood that a letter would be addressed to the Bureau of the Budget stating that it was desired that the bill be discussed with the Treasury Department and suggesting that the Bureau withhold a clearance of the proposed legislation until the Board could have an opportunity to confer with the Treasury Department regarding it.

There was also presented a letter dated August 4, 1941, from Mr. Lichtenstein, Secretary of the Federal Advisory Council, requesting a list of the topics which the Board of Governors desired the Council to discuss at its meeting in Washington on September 14-16, 1941.

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Mr. Morrill was requested to advise Mr. Lichtenstein that the Board had no suggestions to make at this time with respect to topics for the agenda of the meeting.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 11, 1941, were approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. C. C. C.
Chairman.