

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 12, 1943, at 10:45 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Smead, Chief of the Division of Bank Operations
Mr. Wingfield, Assistant General Attorney
Mr. Thomas, Assistant Director of the Division of Research and Statistics
Mr. Hansen, Special Economic Adviser in the Division of Research and Statistics
Mr. Gardner and Miss Bourneuf, Senior Economist and Associate Economist, respectively, in the Division of Research and Statistics

Mr. Szymczak stated that Harry D. White, Director of Monetary Research of the Treasury Department, had stated to Mr. Goldenweiser that he was desirous of conferring with the Board for the purpose of getting an expression from the Board of its attitude toward the proposed plans for international monetary stabilization prior to the consideration of the plans by the policy-making officials of the Government and the presentation of their conclusions to the President and Congress and prior to the visit of Lord Keynes, who was expected to be in the United States around the middle of September, at which time Messrs. White and Keynes were expected to confer for the purpose of agreeing upon a single plan. He also said that this meeting had been called for the purpose of considering some of the problems involved and the response that should be made to Mr. White's request.

8/12/43

-2-

Copies were distributed of a memorandum prepared by Mr. Goldenweiser under date of August 11, 1943, setting forth some of the questions which would arise in this connection, and the memorandum was read.

A general discussion of these questions ensued, during which there was general agreement with the suggestion made by Chairman Eccles that the Board should not take a position with respect to the plans pending the meetings of the policy group, consisting of the Secretaries of the Treasury and State Departments and heads of other interested agencies of the Government, and that when Chairman Eccles attended these meetings he should be in a position to discuss the problems involved without committing the Board. The question was raised as to whether the Administration was committed to any plan, and it was pointed out that it was understood that one of the purposes of the forthcoming visit of Lord Keynes was to arrive at some agreement with Mr. White which might involve a compromise between the two plans. It was also pointed out that no one at this time could determine when hostilities would cease or what international conditions would prevail after they ceased.

There was also a discussion of the conditions that should exist following the war to permit of the effective working of a satisfactory monetary stabilization program, the conditions that might impair or completely destroy the effectiveness of such a plan, the manner and extent to which the plan might operate, and whether it would be better at the outset to adopt a less extensive procedure such as had been proposed by Mr. Williams, Vice President of the Federal Reserve Bank of New York.

8/12/43

-3-

At the conclusion of the discussion, there was unanimous agreement on the following points:

1. That the Board should not undertake to make any commitments with respect to the plans prior to meetings of the heads of the interested Government departments and agencies for the purpose of considering the policy questions involved; and
2. That the Board would have no objection to meetings being held at the Federal Reserve Banks similar to the one being held in Chicago the latter part of this month if it were understood that the meetings would be arranged by Mr. White through the Board, that attendance would be confined to representatives of the Federal Reserve Banks and the Board and would not include officers of commercial banks, and that any representatives of the Board or the Reserve Banks attending the meetings would be entirely free to express their personal views without committing the Federal Reserve Banks or the Board as such on any question that might be raised.

At this point Messrs. Goldenweiser, Smead, Wingfield, Thomas, Hansen, and Gardner and Miss Bourneuf withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

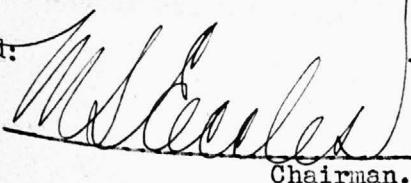
The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 11, 1943, were approved unanimously.

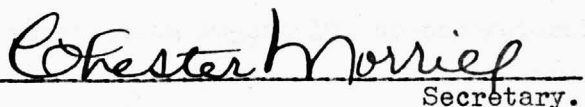
Memorandum of this date from Mr. Morrill, recommending, for the reasons stated in the memorandum, that the services of James Penington as a cafeteria helper in the Secretary's Office be terminated, effective as of the close of business on August 9, 1943.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.