

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 7, 1944, at 11:00 a.m.

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

Mr. Morrill, Secretary
 Mr. Bethea, Assistant 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
 Mr. Parry, Director of the Division of Security Loans
 Mr. Leonard, Director of the Division of Personnel Administration
 Mr. Dreibelbis, General Attorney
 Mr. Gardner, Chief, International Section, Division of Research and Statistics
 Mr. Wyatt, General Counsel
 Miss Bourneuf, Associate Economist in the Division of Research and Statistics

Mr. Szymczak read a memorandum addressed to him under date of March 2, 1944, by Mr. Gardner with respect to the proposed international monetary stabilization fund and the international investment bank, in which it was suggested that the Board might take a position which in substance would be as follows:

"The Board is prepared to approve a joint statement substantially in the form of the Treasury draft of February 1944 entitled 'Joint Statement by Experts of the United and Associated Nations on the Establishment of an International Monetary Fund' provided agreement can be reached

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"with the Departments of State and Treasury on the principle that the Board should participate in the selection and control of the United States representative on the Fund.

"The Board is in favor of reviving the flow of international investment on as large a scale as possible. It considers some form of international agency essential for this purpose."

Mr. Szymczak stated that the discussions of the monetary fund had progressed to a point where the Board might soon be asked to take a position with respect to it, and that the matter was being brought up at this meeting for the purpose of reviewing it and giving Messrs. Goldenweiser and Gardner such instructions as might be regarded as desirable in the circumstances.

During the ensuing discussion, Mr. McKee raised a question whether it was in fact necessary for the Board to take a position at this time, and it was generally agreed that the Board should reach a decision as to what its attitude would be on the monetary fund so that the Chairman could be prepared to take a position when the Treasury and State Departments were ready to commit themselves with respect to it.

At the conclusion of the discussion it was agreed that a meeting of the Board should be held at 10:30 a.m. on Monday, March 13, for a review of the February 1944 draft of the Joint Statement by Experts of the United and Associated Nations on the Establishment of an International Monetary Fund, and that a meeting should be held at a later

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date to discuss the plan for the international investment bank.

At this point Messrs. Thurston, Goldenweiser, Parry, Leonard, Dreibelbis, Gardner, and Wyatt 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 March 6, 1944, were approved unanimously.

Memorandum dated February 29, 1944, from Mr. Goldenweiser recommending (1) that Mr. Triffin, Associate Economist in the Division of Research and Statistics, be authorized to return to Paraguay as soon as possible to complete the work begun last fall and that the authorization include stops of a few days each in Colombia and Chile and a more extended assignment in Brazil, (2) that the Board approve in principle sending a second man to assist Mr. Triffin, specific authorization to be given when the proper assistant is found, and (3) that a per diem of \$8 be approved for Mr. Triffin for the proposed trip.

Approved unanimously, Mr. McKee stating that his approval was with the understanding that the assistant to Mr. Triffin would be employed on a temporary basis.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

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"This is to advise you that the Board of Governors notes without objection the salaries paid to employees of your Bank and Branches as of January 1, 1944, as shown in the statement accompanying Mr. Johnstone's letter of February 16, 1944."

Approved unanimously, together with a similar letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, with respect to the salaries paid to employees of that Bank and its Branches as of January 1, 1944, as shown in the statement accompanying Mr. Stewart's letter of January 31, 1944.

Letters to the "State Bank of Boyd", Boyd, Wisconsin, and the "Union State Bank of West Salem", West Salem, Wisconsin, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Letter to Mr. Strathy, Assistant Cashier of the Federal Reserve Bank of Richmond, reading as follows:

"This will acknowledge the receipt of your letter of March 2 regarding the advance of funds by your Bank to purchase on behalf of the War Department a 90 per cent guaranteed loan made to Convenience, Inc., Greenville, South Carolina, by the South Carolina National Bank of Greenville.

"It is recognized that there may be times when it will be difficult, owing to errors in requests for purchase or otherwise, for the Services to make funds available to purchase guaranteed obligations from financing institutions within the ten-day limit specified in the

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"guarantee agreement, and that there are times when it seems desirable for a Federal Reserve Bank to advance the funds to make the purchase with the understanding that it will be promptly reimbursed by the guaranteeing agency. It is our thought that advances of this sort by Federal Reserve Banks should be kept at a minimum, both as to frequency and amount, and that when funds are made available by the Federal Reserve Banks the Reserve Banks should be promptly reimbursed by the guaranteeing agency. In the circumstances, and after discussing the matter with Mr. Walden over the telephone, we are, with his permission, filing your letter without taking the matter up with the War Department. Should a situation similar to that referred to in your March 2 letter again occur, it will be appreciated if you will call it specifically to our attention so that we can take such steps as may be appropriate to expedite reimbursement by the guaranteeing agency."

Approved unanimously.

Thereupon the meeting adjourned.

Creston Norrie
Secretary.

Approved:

W. S. C. C. C.
Chairman.