

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, November 21, 1944, at 10:30 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Hammond, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Goldenweiser, Director of the
Division of Research and Statistics
Mr. Smead, Director of the Division of
Bank Operations
Mr. Leonard, Director of the Division
of Personnel Administration
Mr. Vest, Assistant General Attorney
Mr. Wyatt, General Counsel
Mr. Gardner, Chief, International Section,
Division of Research and Statistics

Reference was made to the consideration given at the Board's meetings on April 14 and 21 and May 17, 1944, to action looking toward the renewal beyond December 31, 1944, of the authority contained in the Second War Powers Act under which the Federal Reserve Banks might purchase obligations of the United States directly from the United States Treasury, and Mr. McKee inquired as to the present status of the matter.

Mr. Vest said that on Saturday, November 18, Assistant Solicitor General Cox of the Department of Justice called on the telephone to say that there would be a hearing before the House Judiciary Committee on November 20 on the question of the extension of the Second War Powers Act at which the Department of Justice would make a statement and any

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other agency that desired could also be heard. Mr. Vest also said that after conferring with Mr. Szymczak it was agreed that he (Mr. Vest) would advise Mr. Cox that it did not appear necessary for a representative of the Board to testify at this time but that a representative would attend the hearings so that if anything arose during the hearings in which the Board was interested it could, if thought desirable, have a representative testify. Mr. Vest added that Mr. Cherry of the Legal Division attended the hearings yesterday when the Second War Powers Act was reviewed section by section and that no objection was raised with respect to the renewal of the section of the Act which provides for direct purchases of Government securities by the Federal Reserve Banks. Later in the meeting Mr. Vest received a report that the Judiciary Committee of the House had not yet passed on the bill but that it would meet tomorrow to consider the matter further.

Mr. McKee suggested that consideration should be given to the desirability of some action being taken by the Board in support of the renewal of the authority to make direct purchases, and there was a discussion of what might be done and whether the authority in its present form would be adequate.

At the conclusion of the discussion, it was agreed that Chairman Eccles should talk informally with Mr. Bell, Under Secretary of the Treasury, for the purpose of ascertaining whether the Treasury was satisfied to have the authority extended in its present form or whether it felt that it should be expanded to meet any situation

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that might arise in the future in the event of widespread sales or redemptions of Government securities.

Before this meeting there was circulated among the members of the Board a memorandum dated November 11, 1944, from Mr. Gardner in which it was stated that Treasury attorneys were working on a draft of the necessary legislation to implement the Bretton Woods agreements in the United States, that the State Department was also considering the matter with the main emphasis upon informing Congress of the scope of the entire international economic program of which the Bretton Woods agreements would be a part, and that there were certain problems in connection with the enabling legislation which were of immediate concern to the Federal Reserve System including the management of the International Monetary Fund and the Bank for Reconstruction and Development, the manner in which the contribution of the United States to the International Monetary Fund would be made, steps to be taken to prevent adverse effects from the accumulation of dollar balances by foreign governments and central banks in this country, and the question whether the powers of the Federal Reserve System were sufficient to deal with the postwar credit situation as it might be affected by heavy imports of independent gold reserves from abroad and of gold from the International Stabilization Fund.

Mr. Szymczak stated that the matter was being presented for consideration by the Board at this time for the reason that it was

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felt that if the Board was to take a position on the questions referred to above it should do so before the enabling legislation was too far advanced and before it was presented to Congress for consideration. He also said there was a question whether the Board should make a public statement in the Federal Reserve Bulletin or otherwise with respect to its position on the Bretton Woods agreements.

The whole matter was considered in the light of previous discussions of the plans leading up to the Bretton Woods agreements and the points to be covered in the enabling legislation.

Following a reading of Mr. Gardner's memorandum and the consideration of the points to be covered in the enabling legislation with respect to the management of the Fund and the Bank, Mr. Ransom moved that Messrs. Eccles and Szymczak be appointed a special committee of the Board to prepare a written recommendation as to the actions that should be taken by the Board with respect to all of the matters referred to during the discussion.

This motion was put by the chair and carried, Mr. McKee not voting.

At this point Messrs. Goldenweiser, Smead, Leonard, Vest, Wyatt, and Gardner withdrew from the meeting.

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 20, 1944, were approved unanimously.

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Memorandum dated November 21, 1944, from Mr. Paulger, Director of the Division of Examinations, submitting the resignation of Charles Eaton as an Assistant Federal Reserve Examiner in that Division, to become effective as of the close of business on January 11, 1945, or on an appropriate earlier date if annual leave is used prior to his leaving the service of the Board, and recommending that the resignation be accepted as of that date.

The resignation was accepted as recommended.

Letter to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letter of November 16, 1944, the Board of Governors approves the continuation of the payment of salary to Mr. Boyce Fairbairn at the rate of \$2,620 per annum, which is \$320 in excess of the maximum provided in the personnel classification plan of the Oklahoma City Branch for the position of General Clerk, Accounting Department, the position to which he is currently assigned."

Approved unanimously.

Letter to the board of directors of "The Merchants and Farmers State Bank of Weatherford", Weatherford, Texas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Dallas.

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Approved unanimously, for transmission through the Federal Reserve Bank of Dallas.

Letter to the "Levelland State Bank", Levelland, Texas, 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. Wellman, Deputy Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of November 10, 1944, and enclosures relating to the demand of the Bank of America National Trust and Savings Association that the name of their nominee, Mr. H. C. McGinn, be included as a candidate on the ballot to be utilized in the election of a Class B director now being held.

"The Board sees no reason to alter the instructions heretofore given Mr. Grady in the Board's communication to him of October 27, 1944."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. Steeles
Chairman.