

A meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks in Executive Session was held in the offices of the Board in Washington on Thursday, March 1, 1945, beginning at 2:15 p.m.

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

Mr. Morrill, Secretary

Messrs. Flanders, Sproul, Williams, Gidney, Leach, McLarin, Young, Peyton, Leedy, and Gilbert, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas, respectively

Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco

Mr. Sienkiewicz, Secretary of the Presidents' Conference

Chairman Eccles reported that Mr. Ransom and he went to the Treasury this morning and met with the Secretary, Under Secretary Bell, and Messrs. White and Gaston. The Secretary was very cordial, as were all the others. The Chairman told the Secretary that a message had been received from Under Secretary Bell through Mr. Ransom and repeated what he had understood the message to be. The Secretary confirmed the correctness of the statement. Chairman Eccles said that the immediate reaction of the Presidents was that they did not

3/1/45

-2-

want to have such a meeting as had been suggested because they did not wish to be placed in the position of making a definite commitment on the part of some as being favorable to the program and others as not being favorable to it. Those who did not go would be presumed to be against the program, whereas some of the Presidents felt that they did not know enough about the program as yet to take a definite position and they were neutral about it. In any case, they did not feel that they should be placed in the position of a divided organization. They would all be glad to come over at any time that might be arranged or they would come individually and discuss the matter with the Secretary at such times as he might desire. The Chairman said he told Secretary Morgenthau that he sympathized with that position and that it had been felt that the Reserve Banks and Presidents, inasmuch as this issue was a controversial one, should not be requested to go out actively and publicly. The Chairman pointed out that it had always been the policy of the System to keep the Reserve Bank officials out of issues of this nature that were highly controversial because otherwise they would inject the System, as such, into the political realm and it would be divided against itself, and that it was the view of the Presidents that that should not happen. The Chairman also said he told the Secretary that if the Treasury wished to go out into any District and would get in touch with the Board in advance,

3/1/45

-3-

he was sure that they could make any arrangements that were desirable in order that the Treasury might present its views effectively, such as through the medium of meetings, luncheons, etc. He emphasized that Mr. Sproul had indicated that if the Secretary wished to come to New York and have a meeting or luncheon there, he would help make any such arrangements, so that the Treasury would have ample opportunity to express its views on the Bretton Woods proposals, and that all other Presidents felt the same way about it, but that it would be very bad for the Reserve Banks to organize themselves into a group to go out and sponsor the proposals.

The Chairman said that the Secretary and his staff seemed to have no difficulty in seeing this point of view; that it seemed to require no argument or effort at persuasion, and that the Secretary apparently accepted it without question.

The Chairman then reported that Dr. White expressed the feeling that Reserve Bank Presidents ought to have some opinion on a matter of this sort which was as vital as this in the whole monetary and exchange field. Dr. White thought that the Presidents had been exposed to the American Bankers Association's position because, naturally, their associations and contacts were with the banks of their Districts and the American Bankers Association Committee's views predominated in that area, which, in turn, would have its influence upon the Presidents and the other officials of the Reserve Banks unless they were

3/1/45

-4-

to get the answers to the American Bankers Association's arguments. He therefore suggested that the Presidents and the other officers of the Banks should be given the opportunity to get the other side of the question, whether or not they make any public utterances. He pointed out that it was natural for men to have individual views which they expressed privately, even though they did not express themselves publicly. Therefore, he felt that the Presidents should be fully informed and should have an opportunity to hear fully and thoroughly the Treasury side of the story and their arguments against the American Bankers Association's position. He asked whether it would not be possible for all the Presidents to give the Treasury, while they were here in Washington, two or three hours' time for an explanation of the Treasury viewpoint. The Chairman said he told Dr. White that he would submit the matter to the Presidents.

After a brief discussion, it was agreed that Chairman Eccles should advise the Treasury that the Board and the Presidents would be glad to have Dr. White and other members of the Treasury staff meet with the Board and the Presidents tomorrow afternoon at 2:00 p.m. for the purpose of presenting the Treasury viewpoint and for a discussion. Thereupon, the Chairman left the room to take the matter up with the Treasury and upon his return reported that Under Secretary Bell would arrange the meeting.

3/1/45

-5-

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. ...
Chairman.