

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, May 10, 1945, 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. Leonard, Director of the Division
of Personnel Administration
Mr. Thomas, Director of the Division
of Research and Statistics
Mr. Vest, General Attorney

Mr. Szymczak stated that the Board had received from the State Department a copy of Ambassador Messersmith's report of his conversation with the Mexican Minister of Foreign Affairs and the President of Mexico regarding the ownership by the central bank of Mexico of stock of the Pan American Trust Company of New York, that a copy of the report would be circulated among the members of the Board for their information, and that, as the matter now stood, we were awaiting the next move of the Mexicans. Mr. Szymczak also said that a copy of the report had been sent to Mr. Sproul, President of the Federal Reserve Bank of New York, with the statement that he would be kept advised of any further developments.

At Mr. Szymczak's request, Mr. Hammond then read a draft of an informal memorandum of the conference which was held in Washington on May 4, 1945, for the purpose of discussing the foreign interests of the

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Federal Reserve System, at which there were in attendance Messrs. Eccles and Szymczak; Mr. Sproul, President of the Federal Reserve Bank of New York; Messrs. Morrill, Thomas, Gardner, and Hammond of the Board's staff; and Messrs. Williams and Knoke, Vice Presidents of the Federal Reserve Bank of New York. Mr. Hammond also read a draft of a letter to Mr. Sproul setting forth the understanding reached during the conference.

Mr. Szymczak stated that it was now proposed to submit the informal memorandum and the draft of letter to Mr. Sproul for any suggestions that he might wish to make, after which the documents would be put in final form and submitted to the Board for approval.

At the suggestion of Chairman Eccles the draft of letter was changed to provide that the proposed consultative group for the discussion and exchange of views on policies shall consist only of himself, Mr. Szymczak, and Mr. Sproul.

Mr. McKee said that the arrangement contemplated in the draft of memorandum and proposed letter to Mr. Sproul was agreeable to him, and that unless there were objection on the part of the other members of the Board he would suggest that Messrs. Eccles and Szymczak be authorized to approve the arrangement on behalf of the Board with such changes in form as were agreed upon by them with Mr. Sproul.

Mr. McKee's suggestion was approved unanimously.

At this point Mr. Thomas left the meeting.

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Mr. McKee referred to a letter dated May 5, 1945, received by the Board from Wendell Berge, Assistant Attorney General of the Department of Justice, stating that in connection with the Department's investigation of the Transamerica Corporation it would appreciate a copy of the Board's last report dealing with the examination of the corporation.

At the suggestion of Mr. McKee, it was voted unanimously to grant the request with the understanding that a copy of the report of examination would be transmitted with a letter reading as follows:

"In accordance with the request in your letter of May 5, 1945, addressed to Chairman Eccles, the Board of Governors has authorized me to loan to you a copy of the 'Report of Examination of Transamerica Corporation, San Francisco, as of the close of business July 31, 1943', which is transmitted herewith.

"It is understood that you intend to use the report only as a lead to obtain evidence from other sources, rather than as evidence itself, and that it will be treated as strictly confidential. For your information in this connection, no copy of this report has been furnished to Transamerica Corporation."

At this point Messrs. Leonard and Vest withdrew from the meeting.

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on May 9, 1945, were approved unanimously.

Letter to Mr. Ralph Young, Director, Financial Research Program,

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National Bureau of Economic Research, Inc., New York, New York, reading as follows:

"The Board of Governors has considered the suggestion in your letter of April 25 that it might be mutually advantageous to both the Federal Reserve System and the National Bureau to arrange for cooperation in the prosecution of some of the phases of the research projects on urban real estate finance and agricultural finance which you are about to undertake. The Board agrees that such cooperation would be desirable and is willing to have its staff cooperate on these projects, the extent and nature of such cooperative work to be determined later when you are ready to proceed upon specific phases of the projects. Each specific project will be subject to review and approval by the Board at the time.

"So far as the Federal Reserve Banks are concerned, we are forwarding your suggestion to the appropriate persons. As soon as we have received the necessary information, we shall inform you as to the willingness of the Federal Reserve Banks to cooperate in these studies."

Approved unanimously, together with the following letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia:

"Enclosed is a copy of a letter, together with accompanying material, from the National Bureau of Economic Research, asking whether the Federal Reserve System would be interested in cooperating with the National Bureau in research projects on urban real estate finance and agricultural finance which the Bureau is undertaking. We have informed the Bureau that the Board is willing to have its staff cooperate with the staff of the National Bureau in this work and that we are presenting the matter to the Federal Reserve Banks to ascertain their wishes.

"We are referring this request to you as Chairman of the Research Committee of the Presidents' Conference and should appreciate your suggestions as to what procedure would be most appropriate for clearing this matter with the Federal Reserve Banks."

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

McAuley
Chairman.