A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 12, 1945, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak (latter part of meeting)
Mr. McKee
Mr. Draper
Mr. Evans

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Hammond, Assistant Secretary
Mr. Thurston, Assistant to the Chairman
Mr. Goldenweiser, Economic Adviser, Division of Research and Statistics
Mr. Vest, General Attorney
Mr. Thomas, Director of the Division of Research and Statistics
Mr. Ellis, Assistant Director of the Division of Research and Statistics
Mr. Wyatt, General Counsel
Mr. Gardner, Chief of the International Section, Division of Research and Statistics
Mr. Triffin, Economist in the Division of Research and Statistics

ALSO PRESENT: Mr. Henry Wallich, Foreign Statistician of the Federal Reserve Bank of New York

Mr. Wallich made a report on, and answered questions in connection with, his recent visit to the Central Bank of Mexico in Mexico City. At the conclusion of his statement Mr. Wallich said that he was preparing a written report of his trip and a copy would be sent to the Board for its information.

At this point Messrs. Goldenweiser, Ellis, and Wallich withdrew and Mr. Szymczak came into the meeting.
At the meeting of the Board on June 5, 1945, there was an informal discussion of the following proposed letter to the International Training Administration, Inc., Washington, D.C., in the light of the Board's action on December 28, 1943, and a memorandum dated May 31, 1945, from Mr. Hammond submitted in connection with the proposed letter:

"This is to inform you, in response to your letter of May 18, that the Board approves the payment of the living allowance to Mr. Ruben Benitez as outlined in your letter, with the exception, which I have already informally indicated to Mr. Miens, that the payments to be made by the Board are for a period of six months, at which time the Board would wish to have the situation reviewed before continuing the payments, and that we reimburse you at the rate of $150 a month for the like amount advanced to Mr. Benitez by you. I hope that this arrangement meets with your approval.

"I also suggest, if it is agreeable to you, that your accounting officer get in touch with Mr. Sampson H. Bass of the Board's Division of Administrative Services (extension 486) and arrange the necessary details as to reimbursement.

"Please let me assure you that we find it a pleasure to be associated with you in a project that has been of great interest to us for sometime and genuinely appreciate your cooperation."

At the meeting on June 5, certain questions were asked by the members of the Board and it was understood that a supplemental memorandum would be prepared with respect to these questions and circulated for further consideration of the matter at a meeting of the Board when all of the members were present. A supplemental memorandum was prepared by Mr. Hammond and circulated among the members of the
Board under date of June 7, and at this meeting of the Board the matter was brought up for action.

There was a general discussion of the extent to which the Board was justified in paying expenses or living costs in connection with visits of Latin Americans to this country and it was suggested that in the future, whenever it appeared desirable for someone to come from Latin American countries for study in this country, the negotiations be undertaken directly between the Board and the central bank of the foreign country concerned and that if that procedure were followed there would be very few, if any, cases in which the expenses of the mission would not be paid for by the central bank or government of the country from which the representative was being sent.

Chairman Eccles said that in view of the action taken by the Board on December 28, 1943, it was committed to carry out the arrangements that had been proposed in connection with Mr. Benitez, but that he did not think a situation would arise in which it would be desirable for the Board to make similar arrangements in the future. It was his position that the Board should indicate that it was ready to cooperate in every way it could to facilitate studies and visits of representatives of South American countries but that the Board should not pay the expenses of such missions.

Mr. McKee suggested that there might be special cases in which the Board might feel justified in absorbing all or part of such expenses and Chairman Eccles responded that in such a case any proposal
that the Board share in the expenses should be submitted to it for con-
consideration as a special matter.

In the ensuing discussion members of the Board concurred in
the suggestions that had been made. It was agreed, however, that the
discussion was not intended to relate to any case in which the Board
might wish to employ an expert from one of the Latin American countries
on a temporary basis to make a special study or for some other specific
purpose in which event the Board would expect to pay his salary and
traveling and per diem expenses.

At the conclusion of the discussion
the letter to the International Training
Administration, Inc., was approved as set
forth above, with the understanding that,
inasmuch as it had been contemplated that
Mr. Benitez would be in the United States
for approximately a year, the Board in ac-
cordance with the decision reached on De-
cember 28, 1943, would review the arrange-
ment at the end of six months for the
purpose of determining whether it should
be continued.

Unanimous approval was also given to
the addition of $900 to the appropriate
item in the nonpersonal budget of the
Secretary's office to cover the payments
authorized by the above action.

At this point Messrs. Vest, Thomas, Wyatt, Gardner, and Triffin
withdrew from the meeting.

The action stated with respect to each of the matters herein-
after 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 June 11, 1945, were approved unanimously.

Memorandum dated June 9, 1945, from Mr. Morrill submitting
the suggestion of Mr. Ransom that, in accordance with the established
procedure of assignments to individual members of the Board of various
subjects for primary attention, Mr. Evans be designated as Mr. Ransom's
alternate in connection with matters relating to consumer credit re-
quiring attention or action by the Board.

Approved unanimously.

Memorandum dated June 11, 1945, from Mr. Nelson, Assistant
Director of the Division of Administrative Services, submitting the
resignation of Chester B. Dampley as a painter in that Division, to
become effective as of the close of business on June 15, 1945, and
recommending that the resignation be accepted as of that date with
the understanding that appropriate deduction will be made from his
salary for overdrawn annual leave of 3 days and 7 hours.

Approved unanimously.

Letter to the "Switz City Bank", Switz City, Indiana, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in 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.
Thereupon the meeting adjourned.

Chester
Secretary.

Approved:  W. L. Stouffer
Chairman.