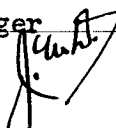


Office Correspondence

FEDERAL RESERVE
BOARDDate December 19, 1935Governor EcclesSubject: New York conference on bond-From J. M. Daiger
financing plan.

... 16-852

The group to which I outlined in New York yesterday afternoon the bond-financing plan, and with which I discussed in a general way various steps that might be considered by the Administration to give a vigorous impetus to residential construction, was the following:

Clarence M. Woolley
Chairman of the Board, American Radiator Co.

Rolland J. Hamilton
President, American Radiator Co.

J. C. Knapp
Vice President, Otis Elevator Co.

Thomas S. Holden
Vice President, F. W. Dodge Corp.
President, New York Building Congress

Stephen F. Voorhees
Voorhees, Gmelin & Walker, architects
President, American Institute of Architects

Lewis H. Brown
President, Johns-Manville Corp.

John P. Syme,
Assistant to President, Johns-Manville Corp.

George N. Lindsay
Speyer & Co.

Mr. W. G. Carey, Jr., President of Yale & Towne Manufacturing Company, had expressed his desire to attend the conference, but owing to some last-minute developments was unable to attend.

The conference was arranged by Mr. Brown and was held in a small meeting-room of the Commodore Hotel immediately following the luncheon meeting at which Mr. Eugene Meyer talked on the possibilities of big business in the small-house field. The Associated Press account of Mr. Meyer's speech, by the way, does both him and the New Deal an injustice. He was quite as critical of private enterprise, in fact

more critical, as of governmental failure in the effort to produce low-cost housing.

Mr. Woolley, Mr. Hamilton, Mr. Holden, and Mr. Voorhees manifested the greatest interest in the bond-financing plan and in the possibilities of extending the insurance principle as a form of subsidy to induce construction financing, small-home building, and home-buying.

Mr. Hamilton was very emphatic and enthusiastic in expressing his approval of the whole idea. He thought that it would make a great appeal to business men and bankers generally as a sound and practical means of getting away from much-criticised methods of both work relief and public housing.

Our friend Brown put a line of questions that were calculated to throw a damper on the bond-financing plan, especially with reference to my suggestion that a private group might find it feasible to raise all or part of the capital for a national mortgage association under certain amendments to Title III of the Housing Act, or a mortgage-trust company under the RFC set-up, or a State mortgage bank such as Mr. Charles A. Miller, President of the Savings Banks Trust Company, Mr. Louis H. Pink, New York State Insurance Commissioner, and others have recently proposed to the New York State Mortgage Commission.

Brown's questions, however, were in fact/ merely an effort to rationalize the mistakes into which he had led Moffett and Ardrey about Title III more than a year ago. It was therefore a simple matter to dispose of his questions, and in the sequel it became clear that Mr. Woolley, Mr. Hamilton, Mr. Holden, and Mr. Voorhees entertained very different ideas from Mr. Brown's.

After the meeting Mr. Lindsay made a point of getting me over in a corner to say that he was very forcibly impressed by the favorable reaction of all the men but Brown, and that he was also forcibly impressed by the fact that in an hour or an hour and a half of questions on their part and answers on mine there was apparently not a single question that could not be answered from a "downtown" point of view.

I do not mean to suggest, in what I have said about Brown, that his attitude was in any way unfriendly. On the contrary, he arranged the meeting and gave it a very good start in his opening remarks. He has, however, along with many excellent qualities and much ability, a single-track or back-track mind where governmental matters are concerned.