

THE UNDER SECRETARY OF THE TREASURY

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WASHINGTON

June 25, 1943

Dear Marriner:

As you know, we have been going over the draft of the Executive Order "Regulation of Credit Under National Stabilization Program". At the one meeting which we had in the Office of the Director of Economic Stabilization I stated that I knew that the Board did not have any such thing in mind, but we wanted to make sure that in exercising the powers conferred by this Order they would not in any way interfere with the Treasury in the exercise of its fiscal functions. We suggested at that time that they might want to add a sentence at the end of Section 1 along the following lines:

"None of the powers vested by this Order shall be exercised by the Board in a way that will interfere with the Treasury Department in the exercise of its functions with respect to the public revenues, borrowings, credits, taxation and finance."

This was readily accepted by the group, including your representatives.

In further considering the matter the question has been raised as to why this Order should not follow the lines of Executive Order No. 8843, pursuant to which your Board regulates consumer credit by setting up a committee on which the various interested agencies are represented. I talked this over with Ronald Ransom who gave me various reasons why you did not want to set up such a committee. I think we can appreciate those reasons, but I should like to agree upon an informal arrangement between the Board and the Treasury in view of our interest in the whole subject and the fact that at almost every point your regulations are liable to touch some function of the Treasury in its operations. I suggest that the technical staff of the Treasury be permitted to work on the proposed regulations with your technical staff and that we also be consulted from time to time in their operations. I think if this arrangement could be agreed to there would be no necessity for the committee that has been suggested.

Very truly yours,

(Signed) D. W. Bell.

Honorable Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

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July 15, 1943.

Dear Dan:

This is in response to your letter of June 25, 1943, concerning the tentative Executive Order, "Regulation of Credit Under National Stabilization Program".

If the Order should be issued, the Board and its staff would wish to keep in close touch with the Treasury on any points where regulations under the Order would touch functions of the Treasury and its operations. I think this is evident from the ready acceptance of the suggestion made by the Treasury at the meeting in the office of the Director of Economic Stabilization. However, when the matter of an order was first broached to me, I stated, and I think you will agree, that, because of the difficulty of administering an order of such breadth, there would have to be some freedom of action subject, of course, to the overall control of the Director of Economic Stabilization as contemplated in the Executive Order which created that office. Accordingly, if the Order is issued, I doubt if it would be practicable for the technical staff of all of the agencies which might be affected to work on the regulations with our staff, although the Board, of course, would expect its staff to consult with the staff of any agency whose functions would be affected by a proposed regulation. Furthermore, I am sure that satisfactory liaison could be established and maintained with the Treasury without unnecessarily burdening your technical staff with work on all regulations. Within these limitations I am sure we can set up an entirely satisfactory working arrangement and you have my assurances that we would do so.

Sincerely yours,

(signed) M. S. Eccles

Honorable D. W. Bell,
Under Secretary of the Treasury,
Washington, D. C.