

FEDERAL RESERVE BANK  
OF BOSTON

February 16, 1945.

RALPH E. FLANDERS  
PRESIDENT

Honorable Marriner S. Eccles,  
Board of Governors of the Federal Reserve System,  
Washington 25, D.C.

Dear Marriner:

In accordance with my usual custom I am enclosing herewith copy of my latest, though probably not my last, public address.

We will be most interested here in knowing what final decisions you arrived at in the matter of bank holding companies. It is a bit disturbing to us that measures undertaken to fit one situation which is out of hand should embarrass another situation in this territory which has, so far as we can see, no serious aspects to it.

As to the matter of legislation, I made a suggestion on Monday that legislation for the divorcement of bank holding companies and business holding might at least put the other crowd on notice but not be the sort of legislation that either the Treasury or the Bureau of the Budget would have any reason to feel disturbed about. It would have to carry a proviso freeing the operation of tax liability and it would, of course, hit the small Boston situation the same way that it hits the big California one.

On the other hand while it eliminates some future hazards and is a perfectly logical proposal, it does not after all stop the growth of your wild octopus or our domesticated squid.

Sincerely yours,

*Ralph*  
President.

A.  
Enc.

February 23, 1945.

Mr. Ralph E. Flanders, President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Ralph:

This is to acknowledge your letter of February 16 enclosing a copy of your latest, though not your last, public address, for which I thank you. It is certainly a good Chamber of Commerce sales talk on New England and almost convinces me that your section of the country compares favorably with mine!

With regard to bank holding company legislation, your suggestion would, as you recognize, do no more than half of the job that needs to be done. It would take the holding companies out of other than the banking business, but would not reach the monopoly aspects that are so serious in the case of the wild octopus. The matter is still under discussion with the Treasury.

With best regards,

Sincerely yours,

 ET:b