



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

August 18, 1936.

OFFICE OF THE CHAIRMAN

Honorable M. S. Eccles,
Ogden, Utah.

Dear Governor:

Herewith are two memoranda which I am taking over to Steve Early tomorrow morning. I have an appointment with him at eleven because I want to hand him these two things personally.

I am also intending to give to Steve the enclosed paragraph on the matter of how we are paying interest to ourselves and will pay the debt to our own people.

Enclosed also is the reserve bank condition statement containing the explanatory paragraph on why our estimate was off by two hundred million dollars.

In addition, I am putting in one or two clippings in which you may be interested; notably the Times article on why business is against this Administration. You will note that you are referred to extensively in this article. Also, there is a clipping from the Wall Street Journal with reference to the Commerce Department's recent review, which sounds as reactionary as the Old Guard, especially in its reference to natural forces of recovery. I do not suppose anything can be done about this, but it strikes me as very poor coordination.

As I mentioned to you, I was called over to the White House to look at a series of pamphlets which have been prepared by the Emergency Council, and I expressed the opinion that the one on the budget and the public debt was very bad. The upshot was that I gave them a memorandum of my own drafting from which they have completely redrawn their pamphlet. I think this is all to the good.

Mr. Szymczak said he would telephone Schaller and say that the matter of the economist for that bank should be held up until Dr. Goldenweiser returns and until you get back. As Dr. Lee has to inform the University of Illinois early in September as to whether he will be on the job there this year,

Honorable M. S. Eccles - (2)

there appears to be an easy out so far as he is concerned; namely, that the matter cannot be decided in time and that, therefore, he had better plan to return to the university.

I feel that the timing of material explaining the budget and the debt is becoming more and more important; that not too much time should be lost before getting this material generally circulated because it takes it some time to seep in. It would be best if the President were to speak soon, but if he has other plans--and this is what I wanted to talk to Steve about tomorrow--then this explanation of the program should not be indefinitely held up.

At his request, I had luncheon today with Paul Porter who is working with Chester Davis and is, I think, a very able citizen. He wanted to ask me how they could follow up in the agricultural regions with material they now have showing various benefits received by the farmers. He said that while the benefits were appreciated, the farmers naturally are worried about who is going to pay the bill. Davis had told him of your answers and he was tremendously interested and said that Secretary Wallace was likewise. I told him that the Emergency Council was working on material, and he evidently got in touch with them directly after leaving me because they called me back. Anyway, Porter thinks, and I agree, that not much time should be lost if these facts are to be properly disseminated. I will let you know what Early says about it.

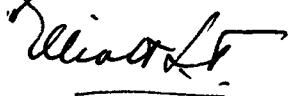
With regard to the A.B.A. Convention, I think you should know confidentially that the President asked Chester Davis whether he thought Jesse Jones should not be called off. It appears that Jones went to Bob Fleming and asked for an invitation to appear at the Convention as the President's spokesman. It is not clear whether he had the President's sanction. At any rate, the President told Davis that he felt nobody from the Administration should attend. I gather that he means to let it be known that the Administration is resentful about Adams and therefore refuses to have anything to do with the Convention which tolerates such a man. This is all the more reason why I am of the opinion that your absence from the Convention would be advisable. As you may surmise, R.R. had this in mind when he canceled his plans. All of this, of course, is very sub rosa. I am not sure, but I think that Davis' mention of the President's attitude was a deft way of indicating that he hoped we would keep

Honorable M. S. Eccles - (3)

out of the dog fight there. You could not help being dragged into it if you were on the ground, any more than you could help being made a victim in this quarrel at New Orleans.

Things are going relatively smoothly and the Vice Chairman is certainly carrying on admirably in your absence. He just put his head in the door to say that George Harrison will be here at 10:30 tomorrow to present his case for Sailer to the Board and also, I presume, the matter of the Bank of Hungary.

Faithfully,

A handwritten signature in black ink, appearing to read "Elmer L. Clegg". The signature is written in a cursive style with a horizontal line underneath it.

enclosures