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United States Senate

SELECT COMMITTEE ON SMALL BUSINESS

(CREATED PURSUANT TO S. RES. 19, 81ST CONGRESS)

July 25, 1950

Dear Marriner:

I, of course, shall protect you wholly, and Wetmore Hedges (??), also. But I am embarrassed by the attached letter, and if you thought it would not embarrass you, I would be very pleased if you'd ask Walter White to come around and have a visit with you. Or perhaps you could give me material I could use with him, without disclosing your own background. Or maybe Wetmore Hedges might be willing to step forward.

I am attaching a Congressional Record in which I hope you will agree I properly handled your story--with reasonable accuracy.

Very sincerely yours,



William Benton

WB:er

Mr. Marriner S. Eccles
Board of Governors of the Federal Reserve System
Federal Reserve Building
Washington, D.C.

7/26/50
Callahan re Mr. E. being away
WB:er

2nd p. is a non sequitur

COPY

July 19, 1950

Hon. William Benton
United States Senate
Washington 25, D. C.

Dear Bill:

On Thursday, May 11th in the course of a discussion concerning reorganization plan #1, you made certain remarks on the floor of the Senate reflecting on the integrity of the Business Advisory Council and criticizing its procedures. You charged in effect that the Council labored against the passage of the Federal Banking Act of 1935 and adopted a report condemning the Act without the report having been read by the subcommittee which sponsored it or by the Council Members who adopted it.

Although I was not associated with Council at the time that report was adopted, I have always been most jealous of the Council's good name and in fourteen years of association with this group have never known of an instance when it would rubber stamp a report. Jim Knowlson, the present Chairman, was not a member in 1935, but he is equally jealous of Council's reputation and he asked me to look up our records covering 1935 as well as to consult Harry Kendall, then Chairman of Council, and Winthrop Aldrich, Chairman of the Committee which prepared the report in question.

I do not know who could have given you the information on which you based your charges. Our minutes of that period show that the subcommittee met on several occasions, that the report was first submitted to and discussed by the Executive Committee and then was discussed at length at a meeting of Council attended by some.

COPY

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twenty-eight members of what was then a much smaller total membership than we now have.

In addition, I have letters from Messrs, Kendall and Aldrich confirming our records. A copy of Mr. Aldrich's letter is enclosed and shows that your information as to the substance of the Council report was in error as well as your information on procedure.

I am really somewhat shocked that you who have been associated so intimately with many Council Members in your C. E. D. work would charge them in blanket fashion with casual approval of an important report. Men like Ralph Flanders, Paul Hoffman, Averell Harriman, Phil Reed, Bill Batt, and many others whom you know, just don't do that.

Very few of our Members read the Congressional Record of May 11th and we have not made the incident generally known to the membership, but the Chairman feels that you should have the facts as accurately as I can give them to you.

Sincerely yours,

Walter White,

Assistant to the Chairman.

July 25, 1950

Dear Walter:

My information came from an impeachable source. It wasn't just a casually off the cuff ~~hunch~~ I am checking my source. I would like permission to be wholly frank with you. However, I deny categorically that anything in my remarks "reflected on the integrity of the Business Advisory Council." You are far, far too sensitive. This is the first time I have ever seen you act like a trade association executive. Please stop it.

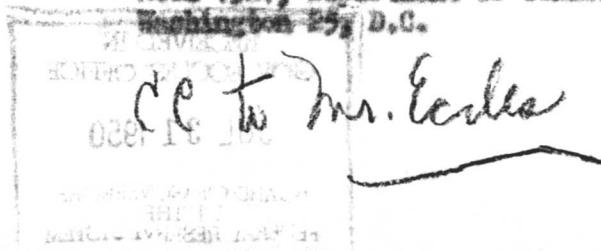
Perhaps your Council learned something out of the 1935 incident and this may help account for the fact that it has not happened again in the last fourteen years under your most able direction.

Very sincerely yours,

William Benton

Walter

Mr. Walter White
Assistant to the Chairman
Business Advisory Council for the Department of Commerce
Room 7527, Department of Commerce Building
Washington 25, D.C.



August 1, 1950

Honorable William Benton,
United States Senate,
Washington 25, D. C.

Dear Bill:

Yesterday afternoon I talked to Walter White over the telephone and took all of the responsibility for the statement you made relative to the Council; I also defended it by giving him the history and background, including the association I had with Wetmore Hodges at the time. He said that insofar as he was concerned "it was water over the dam" and he would drop it as there were too many other things to worry about at this time.

I hope I have handled this matter in a manner entirely satisfactory to you.

With kindest regards,

Sincerely yours,

M. S. Eccles.

VE:dls

WILLIAM BENTON
CONNECTICUT

United States Senate

WASHINGTON D. C.

August 7, 1950

Mr. M. S. Eccles
Board of Governors
Federal Reserve System
Washington, D. C.

Dear Marriner:

I'm deeply grateful to you for talking to Walter White. He tells me he understands things perfectly, and wants to let the whole matter drop. You've relieved me of an embarrassment for which I shall continue to feel in your debt.

Very sincerely yours,


William Benton
U. S. Senate

bm
cc: Walter White