

February
4th
1936

Mrs. Margaret Cobb Ailshie,
The Idaho Statesman,
Boise, Idaho

Dear Margaret:

Thanks a lot for the clipping from the New York Herald Tribune on the subject of the Federal Reserve Board. I notice the statement in this editorial that the Federal Reserve Board is likely to be pretty completely dominated "by its brilliant but to our mind thoroughly unsafe Chairman, Mr. Eccles." If I were in the position of a New Dealer and I could receive the recognition as indicated in this editorial, and from its source, of being brilliant, I would feel content and would consider it a fine compliment. As a matter of fact, the Board that was appointed is Marriner's choice, although it is true that as a coincidence Senator Glass requested the appointment of three of these men.

I have particularly noted, in connection with this article, the comparison that is brought into the picture of the London conference on one hand with perhaps on the other extreme an Examiner for the R. F. C. It is certainly clever, but I doubt if the editorial serves any good purpose except possibly the little satisfaction the writer got from it. He refers to the assertion that "not one of these men brings to his new post any conspicuous achievement in, or familiarity with, central banking practice." This of course will receive a good reception, coming as it does from the New York Herald Tribune. I think you know a lot of those Easterners better than I do. That is the reason I feel that what I may say will be lodged in a place where it may be understood without any effort of influence on my part, and perhaps with your superior knowledge of the effete East you could add much to my argument that because of my limitations is not available to me.

First I want to say that the reference to the central bank is all the bunk. What experience is there available on central bank operations in this country outside of the staff of the Federal Reserve Board, and it has

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never functioned as a central bank. Central banks are foreign institutions. Who has been a better student of the operations of those central banks than Marriner? There are perhaps two men -- Paul Warberg and Gilbert Parker. So far as actual experience in central bank operations is concerned, there has been none such in this country and if you had been back at Washington and watched the operations of the Federal Reserve Board in the years past, you could appreciate how ridiculous the statement in the editorial is with respect to central banking. Gilbert Parker made a speech the other day which was just about a year late on the same theories that Mr. Eccles has advanced. The latter apparently was about twelve months ahead of the time. I had the pleasure of attending a banquet in New York last December, with about 500 present. The speakers were Robert Fleming, President of the American Bankers Association, Sloan Colt, President of the Bankers Trust Company of New York, and Federal Judge Knox of New York. Bob Fleming and Sloan Colt between them expounded the theories propounded by Marriner Eccles at his first official speech at Columbus, Ohio. That speech, made something over a year ago, raised the ire of the bankers. The speeches in New York, at which there was full representation from all of the New York banks, Morgan & Co., etc., including up-state bankers, went over big. At the conclusion of each speech they stood up and applauded and remarked afterward of the progressive attitude and the understanding attitude of these two leaders of American banking. Federal Judge Knox followed and he went even further, and that was received with acclaim.

I am not expressing opinions -- I am simply giving you facts. You will find that this Federal Reserve Board, including its Chairman, will be the strongest Board and the strongest Chairman that we have had in the history of the Federal Reserve System.

They speak about central bank operations. Ronald Ransom of Atlanta, Georgia has been Chairman of the Federal Legislative Committee of the American Bankers Association and he can run rings around any of the commercial bankers in New York City. He is an attorney, gifted and brilliant. I am surprised that he would sacrifice himself for this position. I know in meetings that I have attended, that the tops of the New York banking profession have almost been putty in his hands when he was pressing for some particular policy as to Federal legislation. And they have depended upon him. In all my contacts in banking legislative matters and Bankers Association affairs, I have never met a man more competent than he, and that is the reason that he has been the supreme power in the American Bankers Association with respect to legislative matters. One of his biggest jobs has perhaps been keeping the very New York bankers who inspired this editorial from destroying themselves in silly and ill-advised efforts. In repetition, you have now the strongest Federal Reserve Board in the history of the System.

It is true there are things on which I disagree with Mr. Eccles. I don't even believe in the Social Security Act. I think it is devitalizing. But if I should go out on the street and say that today, I would be stoned by the masses with the statesmen of both parties looking on complacently. Mr. Eccles has been a very ardent advocate of a social security

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plan. I opposed Mr. Eccles when he concluded to support Roosevelt rather than Hoover. I supported Hoover. I felt bitter about it at the moment but I wonder just what would have happened if it had been Hoover. Maybe okay -- maybe not, but that is not a proper subject of discussion in this letter.

Am sorry that I was unable to attend our last directors' meeting in Boise as I would liked to have had an opportunity to discuss some of these matters with you. In the absence of that opportunity you will note that I have over-exploded.

With all good wishes,

Sincerely yours,

E. G. BENNETT
President.

EGB-VB