

December 27, 1938.

**MEMORANDUM:**

TO - Mr. Corcoran  
FROM - Chairman Eccles

The attached is the copy of the suggestion for the budget message which I just read to you over the telephone.

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**Attachment**

December 22, 1938.

My dear Mr. President:

In accordance with the memorandum I discussed with you at Warm Springs with regard to procedure for dealing with the banking situation, I am enclosing a paragraph that you might use as the basis for a reference to this important subject in your message to Congress.

As I said when I was at Warm Springs, I feel that it would be a great mistake to present to Congress a bill to deal with the better coordination and further strengthening of the banking system which is urgently needed. I feel that the Board would be remiss if it did not report to Congress the facts as to the present improved but still highly unsatisfactory situation. It seems to me, therefore, that it is highly desirable to have you suggest to Congress the desirability of dealing further, as Congress may see fit, with the existing problems. I should not like to have any impression created by your failure to mention the subject that I had been delinquent in advising you or that there was a difference of opinion as to whether further steps needed to be taken at this time, especially in connection with the termination of the banking holiday.

I would very much like to see you put squarely up to Congress the responsibility for acting or failing to act not only in improving the present unsatisfactory setup with respect to Federal banking supervision, but in providing authority to deal with such emergencies as may arise in the future which we are in no position now to cope with adequately.

Respectfully yours,

M. S. Eccles,  
Chairman.

The Honorable  
The President of the United States,  
The White House.

enclosure

ET:b

Rehabilitation of the American banking system, which has been brought about since the declaration of the bank holiday by Presidential proclamation on March 6, 1933, has been a notable achievement in which both the Congress and the Executive can justly take pride. The proclamation has remained in effect but, in view of national recovery and of the great improvement in the condition of our banks, I feel that it would be appropriate to remove the restrictions of the bank holiday.

In considering the termination of the bank holiday, I would like to suggest that the Congress, through appropriate committees or through a joint committee specially named for that purpose, undertake a review of Federal banking statutes and a careful study of our banking system and of the agencies established by the Federal Government to supervise and regulate banking. Such a study will disclose what additional legislation may be desirable in order to strengthen still further the banking system, so that it will be fortified as completely as possible to meet changing economic conditions and to meet adequately the credit needs of commerce, agriculture and industry, while protecting the rights of bank depositors and the public interest.