

PERSONAL AND CONFIDENTIAL

March 6, 1944.

Dear Jimmy:

In case you have not seen it and so that I may continue to keep you posted, I am enclosing a copy of a confidential note I have received from the President. I am not bothering the President with a reply because whatever he may do in the matter depends upon your advice to him.

Our counsel has made a thorough study of that part of the War Powers Act which reenacted the Overman Act of World War I. He points out that Congress, in passing the Overman Act, clearly must have intended that bank supervisory agencies should be within its scope, since an unsuccessful effort was made to exempt the Reserve Board from the Act. The exemption for the Reserve Board was sought on the basis that the President might transfer its functions to the Comptroller of the Currency, the Treasury Department, or some new authority. The matter was thoroughly debated and the exemption was denied, which could mean only that Congress felt that war conditions might require or, indeed, demand such a merger.

I agree that "considering 'circumstances' at the present time", it would be inadvisable to press for the original plan involving the FDIC, but the alternative plan avoids this difficulty entirely since it involves only national banks, all of which are members of the Reserve System. I doubt that the Treasury is in high public favor at this time or that taking from it a relatively unimportant function that does not properly belong to it and to which the already overburdened Secretary cannot give his personal attention, would be unpopular with the Congress or the general public.

Sincerely yours,

Honorable James F. Byrnes, Director,
Office of War Mobilization,
The White House.

Enclosure

ET:b

**THE WHITE HOUSE
WASHINGTON**

CONFIDENTIAL

February 28, 1944.

Dear Marriner:-

I have been a good deal worried by the language of the War Powers Act. My power would let me make a merger "only if necessary for the prosecution of the war". The trouble is that while that excuse might get by, it is just a bit open to doubt.

Also, considering "circumstances" at the present time, I have grave doubt as to whether action on my part at this time is advisable!

As ever yours,



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