

CONFIDENTIAL

January 20, 1945.

Honorable Harold D. Smith,  
 Director of the Budget,  
 Washington 25, D. C.

Dear Harold:

This is to acknowledge your letter of January 17 in regard to the studies which you are making of the structure and operations of the Federal Government, including certain administrative aspects of the operations of the several agencies concerned with money, banking and credit. As you know, I have long been greatly concerned, as are other members of the Board, about the wholly unsatisfactory set-up of these Federal banking and credit agencies. The need for re-organization is more acute today than ever in view of the problems that will confront the country after the war.

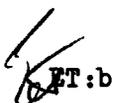
The Wagner questionnaire to which you refer was prepared, I understand, at Senator Wagner's request by some staff men, including some from the Brookings Institution. While the questions are comprehensive and searching, and also voluminous, they were not drawn, in our opinion, in a manner best to elicit or to present understandably the most pressing problems and possible solutions. At all events, the Senate Committee never pursued the project because of the war and the Board did not submit replies to the questionnaire.

The replies, such as were tentatively prepared by our staff, would not in my judgment be helpful to you in your studies, but I have assembled on my own initiative in recent years a great deal of material that I consider far more germane and useful for any study looking to improvement of the structure and operations of these banking agencies. At the earliest possible moment I shall review this material and send it to you, confidentially, because some of it represents extremely confidential conversations with the President. I have not the slightest objection, of course, to furnishing also such answers as the staff prepared several years ago in connection with the Wagner questionnaire, but as I say, I not only think they would be far less helpful but they are outdated and very possibly inappropriate to current and prospective economic conditions and needs.

Needless to add, I am most gratified and encouraged to know that you are making these studies, and I am eager to furnish you all the help at my command as promptly as possible.

Sincerely yours,

M. S. Eccles,  
 Chairman.

 ET:b