

May 20, 1936.

My dear Mr. President:

As you requested, I am sending you herewith a one-page memorandum of my views on the report of the Special Committee of the Commerce Department's Business Advisory Council on a permanent monetary policy. I am also returning herewith the copy of the report and Secretary Roper's letter to you.

Respectfully,

M. S. Eccles,
Chairman.

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

enclosures


ET:b

*This letter was not sent
with the memo. (original destroyed)*

May 20, 1936.

MEMORANDUM ON COMMERCE COMMITTEE'S REPORT ON PERMANENT MONETARY POLICY

I have given full consideration to the report of a special committee of the Business Advisory Council on "A Permanent Monetary Policy for the United States" and my views are:

1. This is only another form of the so-called central bank scheme promoted by the Committee for the Nation, by the Goldsborough Bill introduced in the House on January 29, 1934, and by various others of the Professor Warren-Vanderlip-Senator Owen school of quantity money theorists and commodity dollar enthusiasts.

2. For this report to be issued with any suggestion of Administration endorsement would not only be a repudiation of the sound principles represented by Administration monetary and banking policy so far, including the Banking Act of 1935, but would inject at a most inopportune time a dynamite-laden issue which, in my judgment, would have the most damaging possible effects politically and economically. It would literally shock the banking and business community.

3. The substance of these recommendations calls not only for a scrapping of the existing banking system, including the Federal Reserve, but for a revolutionary change beyond anything undertaken or, so far as I know, even contemplated by any country in the world.

4. This bears all the earmarks of a roundabout attempt to promote through the Commerce Department a scheme on which neither the Treasury nor the Reserve System, which are the responsible authorities, have been consulted. To give it any color of Administration approval would, in my judgment, precipitate a storm of attack and be a blunder of the first magnitude.