

COPY.

HOUSE OF REPRESENTATIVES
Washington, D.C.

June 25, 1936.

The President,
The White House,
Washington, D.C.

Dear Chief:

When the Frazier-Lenke bill was due for a vote I talked with Bankhead and wrote you that those of us who opposed the bill ought to be furnished some reliable ammunition to fight with.

This resulted in the FCA preparing a brochure that was helpful.

But it was only one cartridge. What we need from Morgenthau or Eccles is a statement so simple that a Congressman can understand it! - On the Federal Reserve and banking generally.

Someone ought to be detailed to go through the speeches of Lenke, Patman, Coughlin et al and answer the accusations found

Specifically, is it true that the Government "lets the bankers have money" or the "use of the Government's credit" for practically nothing? It is my understanding that the Federal Reserve member banks have to pay going interest for money; that any profits of the Federal Reserve do not go to member banks, other than 6% on stock; that if the Federal Reserve were liquidated member banks would get no more than 100% on the \$ on their stock; that any surplus would become the property of the Government, i.e., all the people, rather than the "bankers" etc., etc.

This information ought to be assembled and gotten to, at least, the House members who voted against the Frazier-Lenke bill, so that we can answer the breast-beaters, and dispensers of frog hair ointment.

Faithfully,

(Signed) Samuel B. Pettengill,

Samuel B. Pettengill, M.C.

THE WHITE HOUSE
WASHINGTON

June 26, 1936.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY
THE GOVERNOR, FEDERAL RESERVE BOARD.

FOR PREPARATION OF REPLY FOR MY
SIGNATURE.

F. D. R.

Let. from Rep. SAMUEL B. PETTENGILL, 6/25/36,
suggesting it would be well for Secy. Morgen-
thau and Gov. Eccles to give statement on
Fed. Res. and banking generally which may
clear up current criticisms.

Letter sent to Treasury.



TREASURY DEPARTMENT

WASHINGTON

June 27, 1936.

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

Dear Marriner:

I am enclosing a copy of a letter from Representative Pettengill to the President, together with a copy of a suggested reply by the President and of my memorandum to the White House.

If you approve, will you ask someone to work up some data on this subject? We will be doing the same.

Very truly yours,

A handwritten signature in dark ink, which appears to read "Herbert E. Gaston", is written over the typed name.

Herbert E. Gaston
Assistant to the Secretary.

Enclosures.

August 3, 1936.

Dear Herbert:

In response to your letter of June 27th with reference to Representative Pettengill's suggestion, I have had the enclosed material prepared, which I trust will be helpful.

I have had similar requests made directly and accordingly copies of this have already been given to Representative Steagall, Representative Reilly of Wisconsin, and Leon Henderson, with the understanding that they are to use it as their own and not as emanating from me because, much as I should like to see the Federal Reserve System defended, I feel that we cannot directly engage in controversy with those who are attacking it.

Sincerely yours,

M. S. Eccles,
Chairman.

Mr. Herbert E. Gaston,
Assistant to the Secretary,
Treasury Department,
Washington, D. C.

enclosures

ET:b

Suggested Draft of Reply for the President's signature.

June , 1936.

Honorable Samuel B. Pottengill,

House of Representatives.

Dear Mr. Pottengill:

I think the suggestion contained in your letter of June 25th is a good one. I have asked Secretary Morgenthau and Governor Eccles to prepare some material and make it available to you.

Sincerely yours,

June 27, 1936.

MEMORANDUM TO THE SECRETARY TO THE PRESIDENT:

We have retained copies of the attached letter from Representative Pettengill and will go to work in collaboration with Governor Eccles in preparing a memorandum.

Very truly yours,

(Signed) Herbert E. Gaston

Herbert E. Gaston
Assistant to the Secretary.

Enclosure.