

THE WHITE HOUSE  
WASHINGTON

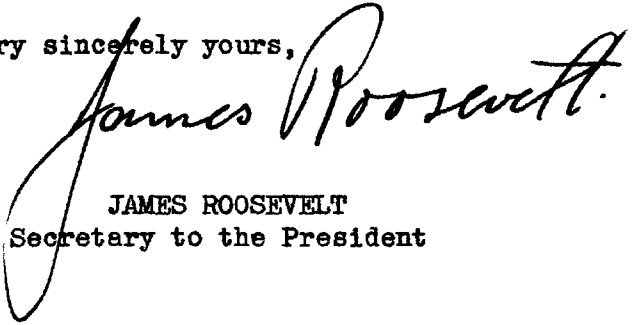
January 29, 1938

MEMORANDUM FOR: Honorable Marriner S. Eccles,  
Chairman, Board of Governors  
of the Federal Reserve System.

My dear Mr. Chairman:

I am referring the enclosed memorandum  
(which is the only copy I have) of the Committee  
on Economic and Social Progress, relating to a  
long term credit study, to you for your comment.

Very sincerely yours,

A large, elegant handwritten signature in cursive script that reads "James Roosevelt". The signature is written in black ink and is positioned above the typed name and title.

JAMES ROOSEVELT  
Secretary to the President

February 3, 1938.

Dear Mr. Roosevelt:

Returned herewith is the memorandum proposing a national long-term credit commission, on which you asked me to comment.

I doubt that such a commission would serve any useful purpose. The various agencies enumerated in the memorandum, the functioning of which it is proposed to study, are either set up for a specific purpose which is separate from and does not conflict with other agencies or are temporary in character. For example, the Farm Credit Administration has a definite field. In March, 1935, the President consolidated all farm credit operations in this agency. Similarly, the Federal Home Loan Bank Board and the Federal Savings and Loan Associations relate to a specialized field. On the other hand, the Home Owner's Loan Corporation and presumably the Reconstruction Finance Corporation are temporary and will be liquidating agencies after the emergency needs for which they were created pass.

Accordingly, I see no problem of coordination or consolidation of existing agencies that needs to be studied. As for new governmental authority, there appears to be no field for extension, except, possibly, with reference to long-term credit for such large-scale projects as apartment houses and office buildings. Such construction was financed to a large extent during the twenties by the sale of bonds to the general public, with resultant over-expansion and heavy losses to many investors. It is preferable, in my opinion, to leave this situation about as it is, having the promoters put up a reasonable share of the money themselves and having insurance companies, savings banks, etc., invest on a prudent basis in mortgages which they are in a position to examine and watch, rather than to create some additional Federal authority.

- 2 -

Possibly some useful purpose might be served by a broad study of general credit and financing problems from a long-range standpoint, but viewing the matter from the standpoint of the public interest, which is now being adequately taken care of by existing agencies in separate fields which do not overlap, I can see no justification for the time, trouble and expense that would be involved in setting up another commission for study purposes.

Sincerely yours,

M. S. Eccles,  
Chairman.

Honorable James Roosevelt,  
Secretary to the President,  
The White House.

enclosure

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