

Gov. Eccles &

Mr. O'Leary has
asked about the
action of the
Unemployment
bill he gave
to you.

McGowen

1-18-35

Section 4.(a) There is hereby established in the Treasury a trust fund to be known as the "Unemployment Trust Fund". The Secretary of the Treasury is authorized and directed to receive and hold in this fund any and all moneys delivered in accordance with Section 2 of this Act by any State agency to him at the Treasury or at any bank designated by him for the purpose, and to receive and hold the income derived therefrom. The fund or any part thereof may be invested or reinvested in any primary obligations of the United States or in any obligations guaranteed as to both principal and interest by the United States; and such obligations may be acquired by purchase of outstanding obligations at the market price thereof or on original issue at par. Obligations acquired by the fund on original issue, which are issued exclusively to the fund, shall bear a rate of interest equal (after an adjustment to the next lower one-eighth of one per cent) to the average rate of interest payable at the time of such acquisition upon all primary obligations of the United States (other than obligations issued directly to the fund) then forming part of the ^{interest-bearing} public debt. Every other obligation acquired for the fund shall be acquired on such terms as to provide an investment yield which shall not be less, by more than one-eighth of one per cent, than such average rate. It shall be the duty of the Secretary of the Treasury to invest as herein provided such portion of the fund as is not, in his judgment

required to meet current withdrawals. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance thereof to the fund for the sole purpose of providing it with suitable investments at such interest rates as may be required for the purposes of this section, notwithstanding the availability in the market of obligations of the United States bearing the same or different interest rates.

(b) Each State agency shall have an undivided interest in the fund, but the Secretary of the Treasury shall maintain a separate book account for each such State agency, and shall credit quarterly to each such account a proportionate part of the earnings of the fund for the preceding quarter, on the basis of the average daily balance of such account.

(c) The Secretary of the Treasury is authorized and directed to pay out of the fund to any State agency such part of the money held in trust for it, as may be duly requisitioned in accordance with the terms of this Act. Whenever in order to make any such payment it is necessary to dispose of any obligations held in the fund, the Secretary of the Treasury is authorized to sell such obligations on the market, or to acquire such obligations for the account of the United States at the market price thereof: provided, that obligations originally issued to the fund shall be so acquired for the account of the United States at par plus accrued interest. There is hereby

appropriated out of any moneys in the Treasury not otherwise appropriated such sum or sums as may be necessary for making the purchases for the account of the United States provided for in this section, and such appropriation shall be deemed a permanent appropriation.

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of 4(a)*

(d) The Secretary of the Treasury is hereby authorized to appoint any one or more of the Federal Reserve or national banks as his agents, on such terms and conditions as he may prescribe, to ~~such portions of the fund as are not invested in accordance with the requirements of section 4(a)~~ hold and have custody of ~~the fund or any part thereof~~, and such banks are hereby authorized to act as such agents.

(e) The Secretary of the Treasury is authorized, whenever he deems it to be in the public interest, to purchase at a fair market price, whether above, at or below par, any primary obligation of the United States or any obligation guaranteed as to both principal and interest by the United States; and there is hereby appropriated for the purpose of making such purchases, in addition to any other appropriation that may be available therefor, such sum or sums as may be necessary but not in excess of the net proceeds of obligations issued directly to the fund pursuant to subsection (a) of this section. Any primary obligation of the United States so acquired may in the discretion of the Secretary of the Treasury be cancelled. The Secretary of the Treasury is authorized, whenever he deems it to be in the public interest, to sell at a fair market price, whether above, at or below par, any obligations acquired

pursuant to this subsection and not cancelled.

(f) The right to alter, amend or repeal the provisions of this section is hereby reserved to the Congress: provided, that any such amendment which shall (1) impair or reduce the undivided interest of any State agency in the fund, or (2) reduce the rate of income which the fund is required to yield, or (3) materially reduce the security of the fund against loss, or (4) alter to the detriment of any State agency the terms upon which obligations may be bought or sold for the account of the fund, shall not be effective until approved in writing, either before or after its enactment, by the Governors of two-thirds of the states within which State laws are operative.