

FROM: MR. GASTON'S OFFICE

TO:

Chairman Eccles

is is the conference  
which I think  
we are interested.  
his include all that  
as said on this  
subject at this  
conference.



FROM TRANSCRIPT OF SECRETARY MORGENTHAU'S  
PRESS CONFERENCE, MONDAY, JUNE 6,  
1938.

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"Q. Mr. Secretary, can you say anything about the bank examination study?

A. No, but for the first time I see daylight on it; we are going to have something; I think it's going to be all right.

Q. When?

A. Well, Mr. Upham had to go out of town for a couple of days and some of the other people are out of town; it's coming along and I see we are going to have something.

Q. Mr. Secretary, when you talk about seeing daylight, do you mean the majority report or minority report?

A. I mean the report.

Q. Will there be two reports?

A. There will be one action.

Q. Will it cover all three agencies?

A. I hope so.

Q. Are you going to send both the majority and minority reports to the White House, however, with your own report?

A. Oh, yes -- give the President all the information -- but there will be one action.

Q. When did you say this might be ready?

A. Oh, let's give them another week.

Q. When you say you see daylight, do you mean - - ?

A. I mean we are to be able to do something; up to now I wasn't sure we'd be able to do anything.

Q. What you mean is you see the chance of an agreement among all three agencies?

A. No, I see the chance for a step toward uniform bank examination.

Q. You were a little optimistic at first.

A. Yes, then it bogged down and I got discouraged but I am quite encouraged.

Q. Whatever you hope to get then will involve all three agencies? Would that be a correct statement?

A. No, not necessarily. We may go ahead and one of the agencies may or may not go along.

Q. For example, Mr. Secretary -- this is merely hypothetical -- if the Federal Reserve Board were not in agreement with the majority report and you string along with the majority report and reported that to the President, would the Federal Reserve Board be required to put into effect anything of that sort, or could they go along on their own?

A. They could go along on their own.

Q. They could by legislation be required to, could they not?

A. Yes, but again on that same hypothetical basis, if you happen to have the Federal Reserve Board, and if the Federal Deposit and the Comptroller decide on joint action it doesn't leave many banks as far as the Federal Reserve is concerned. If the State examiners and Federal Deposit and Comptroller all agreed on an action it would take in most of the banks.

Q. Is there any indication of one agency not going along?

A. As Secretary of the Treasury, I've got to be optimistic so I'm still hopeful that we will get joint action.

Q. Your statement that the thing seems brighter and that daylight appears for the first time - - .

A. You will be asking what time the sun rises next.

Q. Are you referring to the fact that the State supervisors are working -- that's the latest development in connection with their working with the Comptroller and Federal Deposit.

A. This is from that hypothetical friend -- from information I got Friday it looks as though we would be able to move towards more uniform bank examination and that's about as good as I can give you today.

Q. Can you say, Mr. Secretary, whether that step will also have any effect on the availability of credit to small businessmen?

A. Not necessarily.

Q. Will your plan require legislation?

A. No.

Q. It would involve some relaxation, Mr. Secretary, would you say?

A. I don't want to qualify it."