



THE SECRETARY OF THE TREASURY
WASHINGTON

JAN 3 1939

Dear Marriner:

I want to thank you for your letter of December 22, enclosing, for my confidential information, a copy of your memorandum to the President suggesting material for his message on banking legislation.

Sincerely,

H. Morgenthau

Hon. Marriner S. Eccles
Federal Reserve Board
Washington, D. C.

December 22, 1938

Dear Henry:

In accordance with my conversation with the President at Warm Springs and with reference to the subject of my memorandum, of which you have a copy, I have today sent to him through Mac a suggestion as to what he could say on the subject in his message. I doubt if he intends making any reference to it at this time but wanted him to have this suggestion before him for consideration.

For your own confidential information, I am enclosing a copy.

Sincerely yours,

H. S. Eccles,
Chairman.

Honorable Henry Morgenthau, Jr.,
The Secretary of the Treasury,
Washington, D. C.

Enclosure

BY HAND

FILE COPY

Rehabilitation of the American banking system, which has been brought about since the declaration of the bank holiday by Presidential proclamation on March 6, 1933, has been a notable achievement in which both the Congress and the Executive can justly take pride. The proclamation has remained in effect but, in view of national recovery and of the great improvement in the condition of our banks, I feel that it would be appropriate to remove the restrictions of the bank holiday.

In considering the termination of the bank holiday, I would like to suggest that the Congress, through appropriate committees or through a joint committee specially named for that purpose, undertake a review of Federal banking statutes and a careful study of our banking system and of the agencies established by the Federal Government to supervise and regulate banking. Such a study will disclose what additional legislation may be desirable in order to strengthen still further the banking system, so that it will be fortified as completely as possible to meet changing economic conditions and to meet adequately the credit needs of commerce, agriculture and industry, while protecting the rights of bank depositors and the public interest.