

C O P Y

TREASURY DEPARTMENT

WASHINGTON

Memorandum:

April 14, 1939

To: Mr. Marriner S. Eccles,  
Chairman, Board of Governors,  
Federal Reserve System.

From: Mr. E. S. Duffield,  
Assistant to the Secretary,  
Treasury Department.

In accordance with the Secretary's instructions at the close of the meeting on April 13, I am sending you this proposed report by the Treasury Department on the Brown Bill. Will you please let me have your comments as soon as possible.

(Signed) E. S. Duffield

Enclosure

C O P Y

My dear Mr. Chairman:

In reply to your request of April 4, 1939 for a report on S. 2045, a bill which would transfer the Comptroller of the Currency and certain of his duties to the Federal Deposit Insurance Corporation, I should like to state that the Department, barring unforeseen developments, does not wish to recommend this or any other banking legislation for enactment at this session of Congress. Moreover, everything the bill seeks to accomplish with reference to the Treasury Department can be achieved by the President and Congress under the Reorganization Act, if it is deemed advisable, without the enactment of additional legislation.

Very truly yours,

Secretary of the Treasury.

The Honorable Robert F. Wagner,  
Chairman, Senate Banking and  
Currency Committee,  
United States Senate,  
Washington, D. C.

4/14/39

C O P Y

To: Members of the Board  
From: Governor Ransom

April 18, 1939  
1:45 P.M.  
S. 2045 (Brown Bill)

I have just been advised by Mr. Duffield of the Treasury that the proposed report on S. 2045 (Brown Bill) has now been cleared by all agencies represented on the Interdepartmental Committee except the Board.

They are waiting now for a reply to their recent request for an expression of opinion from us.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Miss E. G. ...  
2046  
April 22, 1939

Mr. E. S. Duffield,  
Assistant to the Secretary,  
Treasury Department,  
Washington, D. C.

Dear Mr. Duffield:

Reference is made to your memorandum of April 14, 1939, enclosing a copy of a proposed report by the Treasury Department on the Brown bill, S. 2045, and asking for my comments with respect to such report. It is understood that you simultaneously addressed a similar memorandum to Mr. Ransom asking for his comments. While Mr. Ransom is now out of the city, he indicated before he left that he was in accord with the views expressed herein and you may consider this letter as being responsive also to your memorandum to him.

As was pointed out during the meeting of the Inter-departmental Committee on April 13, our position seems to be somewhat different from that of others who were present at the meeting. The Board, in its latest annual report, discussed the banking and credit situation rather extensively and called the attention of Congress to the existing problems of banking and banking supervision. Only recently it has urged that Congress, through appropriate committees or a joint committee, take steps to determine the solution for certain of these problems. In view of this record we do not believe that we could appropriately or consistently now make a report which would commit us to the position of recommending that neither the Brown bill nor any other banking legislation be enacted at this session of Congress. Moreover, it is our view that it is for Congress to determine whether it wishes to consider banking legislation at this time.

Furthermore, while everything the bill seeks to accomplish with reference to the Treasury Department may be achieved by the President and Congress under the Reorganization Act, we doubt that the Reorganization Act can properly be considered as offering a solution to the entire problem to which the bill is directed.

For these reasons, we do not feel that we can now concur in the conclusions expressed in the proposed letter in so far as they would preclude the procedure that the Board has recommended, even though the report may be entirely appropriate from the standpoint of the Treasury. We hope that at the proper time the Board will have the Treasury's support of its recommendation for an over-all Congressional study of the problems in these fields.

Very truly yours,  
(Signed) M. S. Eccles  
M. S. Eccles,  
Chairman

5/3/39 -- Mr. Eccles had nothing to say in  
regard to this matter and therefore  
no reply necessary.

V.E.

May 2, 1939

Memorandum:

To: Mr. Marriner S. Eccles  
From: Mr. Eugene S. Duffield

Secretary Morgenthau now proposes to send the attached letter as a report on the Brown Bill. If you believe that the Treasury should not send such a report on this Bill, or if you have any comments on the report, would you please call the Secretary or Under Secretary Hanes before noon on May 3.

RECEIVED FEDERAL RESERVE BANK  
OF ST. LOUIS  
MAY 3 1939

RECEIVED  
FEDERAL RESERVE BANK  
OF ST. LOUIS  
MAY 3 1939

My dear Mr. Chairman:

Reference is made to your letter of April 4, 1939, requesting a report on S. 2045, A Bill "To transfer to the Federal Deposit Insurance Corporation all Federal bank-examining functions, and for other purposes".

This bill would transfer the Office of the Comptroller of the Currency and its bank examining and supervisory functions from the Treasury Department to the Federal Deposit Insurance Corporation. I am opposed to the removal of the Comptroller of the Currency or his duties from the Treasury Department at this time and accordingly I recommend against enactment of those sections of S. 2045 which affect the Treasury Department.

Very truly yours,

Secretary of the Treasury

Honorable Robert F. Wagner,  
Chairman,  
Committee on Banking and Currency,  
United States Senate.

ESD:hp 5/2/39