

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date January 29, 1947

To Chairman Eccles

Subject: Treasury meeting with

From Richard A. Musgrave RML

American Banker's Association

On Thursday of last week, I attended a Treasury meeting called by Secretary Snyder to discuss financing needs with representatives of the American Banker's Association. Mr. Rouse was also present.

The meeting was brief and limited to a presentation of recommendations by the banking group. Recommendations regarding budget policy were for reduction of expenditures first, some debt redemptions second and tax reduction third. On questioning it appeared that tax reductions seemed permissible after debt retirement of, say, 2 billion was assured.

The group also recommended that the Treasury issue additional 2 1/2's, in an amount of at least 1 and 1.5 billion this year. The argument was that without such policy, prices would be pushed up and the rate pattern be upset. On questioning, it appeared that the new issue should not be bank eligible, but otherwise unrestricted. No thought had been given to a restricted issue of the G Bond type.

It was stated at the end of the meeting that formal recommendations would be made to the Treasury on this and other points later in the week. I understand that the Treasury will meet with other investor groups during February.

Copies to:

Governor Draper  
Governor Evans