

April 18, 1947

Confidential

Memorandum to Chairman Eccles

From Allan Sproul

Secretary Snyder telephoned at 4:45 p.m. and said that he and his associates had been giving further consideration to the proposed program which Chairman Eccles and I had discussed with him this morning. He said that they had come to the conclusion that it would be desirable to go ahead with items 1 and 2 of the proposed program immediately but that they have certain questions of procedure with respect to item 3 which they would like to consider with us further next week. The Secretary said that inasmuch as we had contemplated that item 3 would be made effective after a brief interval, this should not interfere with our conception of our whole program. I said that we had considered the program and its three steps as a whole but that, of course, we would be glad to consider further with them whatever questions of procedure they have concerning item 3. It was understood that we would go ahead with items 1 and 2.

Mr. Snyder said that he would get in touch with us next week, concerning item 3.



Note: Items 1, 2 and 3, referred to above are as follows:

1. The Board of Governors will announce imposition of an interest charge on Federal Reserve notes under Section 16 of the Federal Reserve Act, to be assessed quarterly. The proceeds of this charge will immediately be transferred to the Treasury.

2. Concurrently, or after a brief interval, the Treasury will announce that with respect to future bill issues successful bidders may make payment in cash or by surrender of maturing bills.

3. Concurrently, or after a brief interval, the Federal Open Market Committee will announce that the fixed buying rate and repurchase option on Treasury bills will be discontinued with respect to bills issued after a certain date.