

July 25, 1947.

Dear Mr. Secretary:

In my letter of July 3, I informed you that the Executive Committee of the Federal Open Market Committee had been considering how the International Bank's operations in this market in United States Government securities could best be coordinated with domestic monetary and credit policy. Subsequently, officers of the Bank indicated in discussions with us that they were most willing to arrange for consultations to assure the necessary coordination. I am enclosing herewith a letter that I have received from Mr. McCloy confirming that such consultation will take place, together with my reply. The final sentence of the letter assures also that full information about the Bank's operations in United States Government securities will be supplied currently to the Federal Reserve Bank of New York, which will continue to keep both the Open Market Committee and the Treasury Department fully informed through its daily reports.

Sincerely yours,

M. S. Eccles, Chairman,
Federal Open Market Committee.

Honorable John W. Snyder,
Secretary of the Treasury and
Chairman of the National Advisory Council,
Washington 25, D. C.

Enclosures 2.

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Washington 6, D. C.

July 23, 1947

Dear Mr. Eccles:

In accordance with our recent conversation, this is to confirm that the International Bank will from time to time consult with the duly designated representatives of the Federal Reserve Bank of New York, as agent for the Federal Open Market Committee, in order to assure that purchases and sales of United States Government securities for investment by the International Bank in the United States shall not interfere with the monetary and credit policies of the United States. To that end, the International Bank will also keep the Federal Reserve Bank of New York currently informed of such market operations by the International Bank in the markets of the United States.

Sincerely,

(Signed) John J. McCloy.

Hon. Marriner S. Eccles
Chairman
Federal Open Market Committee
Federal Reserve Board
Washington, D. C.

July 25, 1947.

Dear Mr. McCloy:

On behalf of the Federal Open Market Committee, I should like to acknowledge receipt of your letter of July 23, 1947 confirming the willingness of the International Bank to enter into the arrangements which we suggested with the view to assuring that the Bank's operations in our Government security market should not interfere with the monetary and credit policies of the United States. We greatly appreciate your ready cooperation in this matter, and I am sure that any problems which may arise in carrying out these arrangements will be approached with mutual understanding and solved to our mutual satisfaction.

I am sending copies of this correspondence to Secretary Snyder in his capacity as Chairman of the National Advisory Council.

Sincerely yours,

M. S. Eccles, Chairman,
Federal Open Market Committee.

Mr. John J. McCloy, President,
International Bank for Reconstruction
and Development,
Washington 6, D. C.

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