

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date November 5, 1947

To Chairman Eccles

Subject: Telephone conversation with

From Thomas Lee Smith

Mr. Bartelt

*T.L.S.*

Mr. Bartelt telephoned. He wishes to report your and Mr. Sproul's thoughts on the following points to the Secretary today.

- (1) Refund the December 1 certificates into a 13-month 1 1/8 per cent note.
- (2) Exchange the December 15 bonds for 12 1/2 month 1 1/8 per cent notes.
- (3) Issue notice of call of the March 15 bonds not later than November 15, with instructions to Reserve Banks to print by November 7.

I told Mr. Bartelt I was sure there would be no change in the Executive Committee recommendations outlined in your letter of December 15, covering both of the first two points. However, he felt that the exchange of the December 15 bonds might be reconsidered. In view of the pressure that has already been placed upon the market, Mr. Bartelt suggested the possibility that the December bonds might be paid off in cash leaving less available for the retirement of Federal Reserve held debt, and asked me to bring this matter to your attention.

On the third point, the only question is whether the March bonds should be called on the first call date or later. The manner of financing the call is not involved. The two issues first callable March 15, 1948 are as follows:

2 per cent	March 1948-50	\$1,115,368,000	Taxable
2 3/4 per cent	March 1948-51	1,223,496,000	Partially tax exempt

I told Mr. Bartelt that I thought the Committee expected the bonds to be called, but that I would also call this to your attention.