

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date December 11, 1947

To Chairman Eccles

Subject: _____

From Thomas Lee Smith *T.L.S.*

Mr. Rouse called to report two conversations with Mr. Bartelt. Yesterday he told Mr. Bartelt that:

(1) The sense of the Committee's discussion indicated no change in the recommendations contained in the letter of October 14 to the Treasury.

(2) The Committee was entirely in favor of continuing with a 12-month 1 1/8 per cent certificate on January 1.

(3) The amount of maturing January certificates held by the Federal Reserve which are to be redeemed is still open, but we will inform Mr. Bartelt on this within a week.

(4) At least one more retirement of bills in the amount of 100 million dollars should be made.

Mr. Bartelt called Mr. Rouse this morning with the information that the Treasury, after considering our recommendation, had decided to roll over the entire 1.3 billion of bills on the 18th. The Treasury was concerned less there be insufficient funds both to retire bills and to carry on market purchases of bonds. The balance with Reserve Banks is expected to be about 750 million on the 15th and the war loan balance about 560 million.

Mr. Rouse feels that because of the possibility of an acceleration in market offerings of bonds any day, a meeting between you, Mr. Sproul and the Treasury should be arranged as soon as possible to discuss the whole situation. The particular objective would be discussion of the extent to which intermediate bonds will be allowed to fall in price.