

October 4, 1946

Honorable John W. Snyder,
Secretary of the Treasury,
Washington, D. C.

Dear John:

Mr. Bartelt has asked that I give you the views of the Federal Open Market Committee with respect to the maturing November 1 certificates.

The Committee recommends that 2 billion dollars of the issue be redeemed for cash and that 1.8 billion be exchanged into certificates. The Committee also recommends that the entire issue of 1 1/2 per cent notes be retired on December 15. According to our most recent estimates, the Treasury cash balance under this program would be ample at about 2 billion dollars at the end of the year. This estimate makes allowance for a rather large amount of December 1 certificates that might not be exchanged.

We feel that it is important to retire the entire December 15 note issue. If the estimates of your staff should cause you to feel that you cannot retire the amount of debt suggested above and still maintain a satisfactory cash balance, we would favor the retirement of a smaller amount on November 1, say 1.5 billion dollars, in order to make possible the retirement in full of the December 15 notes.

With kind personal regards, I am

Sincerely yours,

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

DMK:pb

October 4, 1946

Mr. Edward F. Bartelt,
Fiscal Assistant Secretary,
Treasury Department,
Washington, D. C.

Dear Ed:

I am enclosing for your information a copy of
a letter that the Chairman sent to the Secretary today
with respect to the debt retirement program.

With best wishes, I am

Sincerely yours,

David M. Kennedy,
Special Assistant to the Chairman.

Enclosure.

DMK:pb