

Office Correspondence

FEDERAL RESERVE BOARD

Date March 23, 1935

To Governor Eccles

Subject: Witnesses to be heard by House

From J. M. Daiger

Committee next week.

GPO 16-852

*Luce
M.D.*

In the course of the hearings yesterday afternoon Congressman Russell of Massachusetts asked to have his predecessor, former Congressman Luce, invited by the Committee to testify on the banking bill.

Mr. Luce was the ranking Republican member of the House Banking committee until the last election, when he was defeated by Mr. Russell, who is a Democrat. Mr. Luce will probably speak against the bill. He is disposed to be ultra-conservative, and I believe that Mr. Russell may be put in the same category.

As far as I can judge at this time, Mr. Russell is the only Democratic member who might be regarded as likely to be either hostile to Title II or favorable to postponing action on it pending study by a commission. He is very intimate with Under Secretary Coolidge and professes to be a great admirer of his. This does not mean, however, that Russell would not adhere very definitely to his own convictions when the bill came to a vote.

Mr. Steagall says that in his opinion there is no special significance in Mr. Russell's request that the committee invite Mr. Luce to testify. "He's just being nice and pleasant to his predecessor," Mr. Steagall remarked, "but the committee already knows everything that old Luce is going to say anyhow."

Mr. Steagall has allotted both the morning and afternoon sessions on Monday to the Farm Bureau Federation. Mr. Hollister has one or two persons who wish to testify against the bill, and there is also a possibility, Mr. Steagall says, that the committee will call Dr. Willis; at least there has been some discussion about this between Mr. Hollister and Mr. Steagall.

Mr. Steagall told me also that "Hancock has been belly-aching around here about the real estate people and the building and loan people, and I guess we'll have to let some of them testify." Hancock had previously told me, as I left the hearing yesterday afternoon, that all kinds of pressure was being exerted to get Title II pulled out of the bill. Hancock said:

"Where you fellows are in danger of getting licked is within your own family. That's where the real opposition is coming from. The Federal reserve bank people are fighting this thing just as hard as they know how to fight."

Hancock said that he had written to the President about the bill on Thursday, and that he had talked with McIntyre about it yesterday (Friday). He said he told them that the bill was going to need a lot of support if Title II was going to be kept in it.

My own opinion is that any alarmist statements made by either Steagall or Hancock, not to mention other members of the committee, have to be taken with a great deal of salt. This is the "bad boy" committee and, unless the situation has recently changed, its leaders are not basking in the sunshine of Presidential favor.

When an Administration measure is pending, therefore, you can be pretty certain that Steagall will talk about the great difficulty he is having keeping the committee in line, about the urgent necessity of his having a personal conference with the President, and about how it is necessary for him to hear from the President's own lips just what the President wants and just how far he is willing to go along with the committee. There is no doubt that the committee is a hard one to handle, but so is Steagall.

In the case of Hancock, I should think that he might be far more sensitive to the pressure of Bodfish than of the Federal reserve bank people that he says are after him early and late.