

Honorable Charles W. Tobey, Chairman,
Banking and Currency Committee,
United States Senate,
Washington, D. C.

APR 17 1947

Dear Senator Tobey:

This is in reply to the letter of Mr. Robert C. Hill, Clerk of the Senate Banking and Currency Committee, dated March 13, 1947, in which the request was made that the Board furnish your Committee with an opinion as to the merits of S. 829, "A Bill To provide for control and regulation of bank holding companies, and for other purposes".

This bill, as you know, was introduced at the request of the Board, which strongly advocates its favorable consideration by your Committee and by the Congress. The Board believes that Congressional enactment of this measure is necessary to enable the Federal banking supervisory agencies, in particular the Board of Governors of the Federal Reserve System, to prevent undue concentrations of economic power in the banking field by means of the holding company device.

The bank holding company problem is not a new one to the Congress. As a part of the Banking Act of 1933, Congress, for reasons fully developed in extensive hearings which preceded the passage of that Act, enacted certain provisions designed to bring bank holding companies under Federal regulation. In its Annual Report to Congress for 1943 the Board called attention to the fact that it felt that the provisions of the 1933 Act dealing with bank holding companies are inadequate to provide an effective system of supervision and control of such companies, and recommended that Congress reconsider the subject in the light of the Board's experience with the problem. The Board feels that it would be helpful to the members of the Committee if they would carefully read and study those recommendations. Accordingly, a number of copies of the Board's 1943 Report are being sent to Mr. Hill under separate cover.

The Board hopes that your Committee will be able to hold hearings on S. 829 within the near future. At such time the Board will present in detail to the Committee the reasons which underly and support the various regulatory provisions which are contained in S. 829.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.