

TO *M. F. E.* .....

FROM .....

REMARKS:

*This is useless,  
don't you think?  
Currie is getting up a  
shot me more specif-  
ically answering War-  
burg's testimony  
LCP*

Mr. Clayton

April 26, 1935.

L. E. M.

Mr. Giannini's office called between 3:30 and 4 o'clock and gave me the following over the telephone:

"Just passing this along for use, or any portion thought worthwhile:

"A defense of the proposed Banking Act of 1935 against the charge that it would bring the Federal Reserve System under political domination was made here yesterday by A. P. Giannini. Mr. Giannini declared that he believed it better for control of the Federal Reserve to be returned to Washington and the Federal Reserve Board. He said that the Federal Reserve Bank of New York had been in the past the main determinant of the system's policies. This arrangement he objected to on the ground that the Federal Reserve Bank of New York was under the influence of international bankers who, as fiscal agents of the principal European powers, were more ready to uphold the interest of their foreign clients than of the United States.

Charging that the international bankers who had swayed the policies of the Federal Reserve Bank of New York were the financial agents in this country of Great Britain, France, Italy, Belgium and indirectly of Germany, Mr. Giannini said that he favored the theory embodied in the new Banking Bill of increasing the authority of the Federal Reserve Board at the expense of the New York Federal Reserve Bank.

Mr. Giannini, who is now here for a short stay, maintained that it was more in keeping with democratic principles that the Federal Reserve Board, as representative of the whole people, should be the chief voice in the System's affairs rather than the New York Bank, which through its situation in the principal money market was more inclined to give ear to the European interest <sup>of the</sup> American side of monetary problems.

The international bankers who had long dictated the policies of the Federal Reserve Bank of New York, said Mr. Giannini, conducted quiet agitation for years for cancellation of the war debt. They were closely in touch with the

foremost international bankers on the other side of the Atlantic and were in the habit of furthering the interest of their European clients whence came a large share of their income.

Mr. Giannini, a member of the Banking Studies Committee of the American Bankers Association, which has been analyzing the new banking bill, was replying particularly to the assertion of James P. Warburg, Vice Chairman of the Bank of Manhattan Company before the Senate Banking and Currency committee on Wednesday that the Eccles bill was communistic in tone because of its proposal to enlarge the control of the government or the central banking system.

Mr. Giannini said that he was opposed to a government-owned central bank but that he supported the idea of giving the Federal Reserve Board a larger degree of authority in the System's policies. He thought it wise that the Governor of the Federal Reserve Board be made the president's representative on the Board, his term to run concurrently with that of the president."

Mr. Giannini said he was expecting a message from you and would like to have it before eleven o'clock in the morning and that it could be sent over the teletype of the Department of Justice.