

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date May 15, 1937.To Mr. EcclesSubject: Conversation with Mr. McReynolds.From J. M. Daiger

Following my talk with you yesterday afternoon, I had a long talk with McReynolds this morning. Secretary Morgenthau was away from his office over the week-end, but I am satisfied that in this matter of housing legislation and the housing agencies McReynolds reflects the Secretary's views.

McReynolds assured me in very cordial and emphatic terms that my taking up Stewart McDonald's proposal would in no way prejudice my relationships on housing matters with the Treasury and the Budget Bureau. He said that the Secretary had a very high regard for McDonald and that he himself (McReynolds) was sure that McDonald would make me as freely available to the Treasury as you have done, and would not expect me to take any one-sided position when I was asked to review matters on which the Secretary or Dan Bell had to report to the President.

I told McReynolds that I had no doubt of what McDonald's attitude toward this would be and that I took for granted he would confirm this in due course. In like manner, I take for granted that McDonald would place no restraints on me whenever you or any other member of the Board of Governors might have occasion to call me in. That would be a very natural form of reciprocity.

For these reasons, I have decided to act on McDonald's proposal. This will meet your desire to have me remain in Washington on housing matters until the end of the present session of Congress; it will keep me available to the Treasury and the Budget Bureau without the Secretary's having to create a place for me; and it will give me the opportunity to work on some matters in Washington and in New York in which McDonald is greatly interested and which in my opinion can become important factors in sustaining a long-range program of housing construction and mortgage financing.

As I told you yesterday afternoon, my personal associations and interests have inclined me to accept McDonald's proposal from the time he first made it about ten days ago.

