



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON (25)

OFFICE OF THE CHAIRMAN

January 1, 1944.

Dear Marriner:

George Vest attended a meeting at the White House today, called by Mr. Byrnes at the instance of Mr. Hancock, to settle the matter of the Attorney General's opinion. I won't burden you with the details, but it came out just right; namely, the opinion is to be re-issued with a period at the end of the legal opinion and all discussion of administrative procedure is to be eliminated. Those attending were Byrnes, Hancock, Marbury (Army); Hensel and Coolidge (Navy); Biddle and Townsend (Justice); and Vest.

The argument which influenced Biddle the most was Mr. Byrnes' statement that the hoped-for legislation would be a slow process. There is very formidable support in Congress for the Comptroller General's proposed amendment, and consideration of this will undoubtedly precipitate a real battle. Regardless of the outcome, it will slow up the legislation. Therefore, the existing doubt as to the legal soundness of the VT program and the additional doubt that would be thrown upon it by leaving the present form of the opinion in effect, could not be removed by any early action of Congress. The only safe thing to do, therefore, is to issue the opinion in its brief form, holding that a T loan would be legal.

George said that while walking back this way with Mr. Coolidge, he asked the latter whether he thought the Navy would want to make T loans after the revised opinion is issued. Coolidge answered that he thought so, but of course they would want to consider the matter carefully.

It seems to me that this should be a matter of policy, and, even though there should be now legal basis for making strictly termination loans, such loans should not be made by one of the Armed Services alone. In other words, there should be a uniform administrative policy.

I thought you would want the above information while it is still fresh.

With regards to all, I am

Sincerely,

Mr. Marriner S. Eccles,
C/o Hotel Ben Lomond,
Ogden, Utah.

Air Mail