

C O P Y

FEDERAL RESERVE BANK OF NEW YORK

December 11, 1945.

Honorable Marriner S. Eccles, Chairman,
Board of Governors of the
Federal Reserve System,
Washington 25, D. C.

Dear Marriner:

I understand that two methods are under consideration for implementing the credit agreement with Great Britain—one to increase the lending authority of the Export-Import Bank, and the other to authorize the Treasury to borrow the funds and to pay them out to the British as required. It seems to me that the latter method, which would make use of established relationships between the Treasury, this bank, the Bank of England, and the market, would be much the better and simpler course to follow. The whole thing could be handled through accounts maintained on our books. It would also seem desirable to me to separate this credit as much as possible from the kind of credits which the Export-Import Bank is extending. It really stands apart and should not be mixed up with a variety of foreign loans. I hope that you will agree and will be able to press this view in connection with enabling legislation.

Yours sincerely,

(Signed) Allan Sproul

Allan Sproul,
President.

December 12, 1945.

Mr. Allan Sproul, President,
Federal Reserve Bank of New York,
New York 7, New York.

Dear Allan:

I entirely agree with the point of view expressed in your letter of December 11 concerning how the credit agreement with Great Britain should be implemented. As a matter of fact, I had understood all along that this would be the method. I have called Fred Vinson and read him your letter over the telephone. He did not commit himself on the question, but said that use of the Export-Import Bank for this purpose had only been discussed as "one of the possibilities".

I shall follow this matter up and will take a strong position along the lines indicated in your letter. I shall meanwhile be thinking of any further arguments that might be used to support this position and would welcome any further thoughts that you may have on the subject. So far as I know, work has not yet actually started on the enabling legislation and I am sure I will have an opportunity to put our views forward.

Very truly yours,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.

JBK:mla