

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 19, 1946.

To Mr. Thurston

Subject:

From Mr. Knapp

Please note last paragraph of the attached letter from
President Sproul. Have you any suggestions concerning what we might
send him?

Attachment

February 21, 1946.

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

Dear Allan:

In response to your letter of February 14 in regard to the British loan, I am enclosing some restricted material from the State Department which reflects the pros and cons in the press, Congress and elsewhere, and indicates particularly the arguments that are being made against the proposal. It is interesting, I think, to note that their opinion polls show an increasing support for the loan the more the public understands it. Your speech is referred to in Report No. 13, and I think there are some other references to your approval but at the moment I cannot locate them.

Those who are arranging for the information program are most anxious to have as much done in the way of speeches and other information work as possible before the hearings start. As I understand it, no definite time has been set for the hearings, but the expectation now is that they will begin in the Senate in the next two weeks and the House hearings will come along at the end of March or the first of April. I am advised confidentially that while the press, as the enclosures show, is heavily in favor of the loan, the letters coming in to members of Congress are running very heavily against it, as much as twenty to one in some known instances. Boiled down, the major objections are (1) British imperialism; (2) veterans pay 4 per cent for loans as against 2 per cent interest on the British loan; (3) the burden on the taxpayer; (4) competition for scarce goods; and (5) miscellaneous hostilities toward the British in general.

We have furnished to the State Department at their request 25,000 reprints from the January Bulletin, and if you want some reprints we can, of course, supply them.

Sincerely yours,

Enclosures 8 (Reports Nos. 9 to 15, inc., and Summary Report of
1/31/46)

ET:b

FEDERAL RESERVE BANK
OF NEW YORK 7

February 14, 1946.

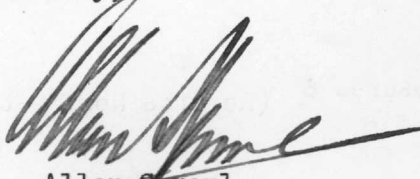
Honorable M. S. Eccles, Chairman,
Board of Governors of the
Federal Reserve System,
Washington 25, D. C.

Dear Mr. Eccles:

Your letter of January 28th concerning the British loan agreement was presented to our directors at their meeting on January 31, 1946. The directors and officers of the bank are very much interested, of course, in doing what they can to assist in the dissemination of factual information concerning the proposed agreement and contributing to an enlightened public discussion of its terms. In order to implement this interest and desire we have made available to all the directors, and to the member of the Federal Advisory Council for this district, certain material on the British loan, and have also sent some material to former directors of the bank. All these men, I am sure, have available the factual information which will enable them to discuss the proposed agreement in whatever groups they may find themselves. I have had occasion, myself, to discuss the loan publicly and favorably at two gatherings—first, in introducing Mr. Thomas B. McCabe and Secretary Vinson at a meeting of the American Academy of Political and Social Science at Philadelphia on January 9th, and second, as the speaker at the Mid-Winter dinner of the New York State Bankers Association in New York City on January 21st.

It would be helpful, in furtherance of our joint efforts, if we had some sort of outline of the program of education and discussion which is being undertaken by the government departments having the matter in hand, and of the time schedule for such discussion and for Congressional consideration which is envisaged.

Yours sincerely,


Allan Sproul,
President.