

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date January 23, 1947

To Chairman Eccles

Subject: Silver Purchase Program

From Mr. Knapp

*AK*

At 3:30 this afternoon I received a telephone call from Mr. George Eddy of the Bureau of Monetary Research in the Treasury who informed me that Secretary Snyder, in appearing today before the House Appropriations Committee, had been asked to state his views on the silver purchase program. Mr. Snyder replied that he would submit a statement on this subject within a day or so, and the Treasury staff is meeting this afternoon to work on this statement. Mr. Eddy called me to ask for suggestions as to the statement and to ascertain how you and the Board stood on this matter.

In the brief time at my disposal, I looked into a number of records, including your testimony at the hearings on the Silver Purchase Act which were held by the Senate Banking and Currency Committee in 1939.

I then called Mr. Eddy back and reported the following:

(1) that you had consistently opposed the program for the purchase and monetization of foreign silver;

(2) that the Board of Governors, the Presidents of the Federal Reserve Banks, and the Federal Advisory Council had unanimously recommended in their report to Congress on December 31, 1940 discontinuance of (a) further monetization of foreign silver, and (b) the power to issue silver certificates against the seigniorage on previous purchases of silver; and

(3) that I had every reason to believe that the authors of this report held the same views as of today.

I told Mr. Eddy, however, that if Secretary Snyder desired to refer to your views or the views of the Federal Reserve System in his statement, or otherwise to enlist your support in opposition to the silver purchase program, he had better get in touch with you directly.

I took the opportunity to give Mr. Eddy a strong statement of my own reasons for believing that the silver purchase program was a serious mistake from the outset and that as of today it was a completely unjustifiable imposition upon this country.

cc: Mr. Vest