

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 30, 1947.

To Chairman Eccles

Subject: Status of the loans on gold

From Mr. Knapp

question.

This is a report on the status of the loans on gold question which was initially raised by Mr. Sproul.

You will recall that early in November Mr. Sproul wrote to Secretary Snyder suggesting that representatives of the Treasury, the Board, the Federal Reserve Bank of New York, and perhaps the State Department, meet to consider policy problems in connection with the growing volume of applications for loans on gold by the Federal Reserve Banks and by commercial banks in this market. He sent a copy to you with the suggestion that the matter be studied by the Staff Group on Foreign Interests, and with your approval I placed this matter on the agenda of the Staff Group. The Group has now completed its consideration of the problem and will shortly submit to the Policy Group a report with recommendations.

I have this morning received a letter from Mr. Overby in the Treasury enclosing a copy of a letter which Mr. Snyder wrote to Mr. Sproul on January 27. In this letter Mr. Snyder welcomes Mr. Sproul's proposal for a meeting of the interested agencies and, while stating that the Treasury's official views have not yet been formulated, he encloses a memorandum prepared by the Treasury staff on the general subject of gold loans. In general the Treasury staff has come out with the same conclusion as the Staff Group on Foreign Interests, namely, that we should adopt a liberal policy in granting licenses for loans on gold.

I think the next step is for the Policy Group to consider the recommendations of the Staff Group, after which we can get in touch with the Treasury to arrange a time for the general meeting.