

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 16, 1947

To Chairman Eccles

Subject: Legislation to carry out

From Mr. Vest

the Marshall Plan.

Consideration of proposed Marshall Plan legislation by lawyers from the various Government agencies was resumed yesterday at the State Department, and the conferences are being continued. Mr. Solomon and I attended the meeting on yesterday.

Most of the discussion related to a new draft of the legislation prepared by the State Department. The State Department version contemplates that the President will administer aid to Europe under the Marshall Plan through any Government agency he may select, and it seems to be assumed that it would be the State Department. It also provides for an Advisory Committee on Economic Cooperation, consisting of the Secretary of State as Chairman, the Secretaries of the Treasury, Commerce and Agriculture, four members of Congress, and three representatives of the public.

In addition, however, the Treasury Department staff presented another draft of the legislation, which provides that the President shall administer the program through a new Government corporation called the European Production and Recovery Corporation. Its board of directors would be the Secretary of State as Chairman, the Secretaries of the Treasury, Commerce and Agriculture, and an appointed director to serve as Vice Chairman. The Corporation would obtain its funds through capital subscription by the Government and through selling its debentures to the Treasury. The Treasury draft provides for an Advisory Council consisting of twelve members appointed by the President and confirmed by the Senate. It also provides, however, that the Bretton Woods National Advisory Council shall coordinate the policies and operations of the new European Production and Recovery Corporation, as the Council does now with respect to the policies and operations of the Fund and Bank, the Export-Import Bank, etc.

We understand that questions of policy as to what Government agency is to administer the Marshall Plan and as to any Advisory Committee or Council or its functions are not expected to be discussed in the lawyers' group, but are to be considered in the so-called "Steering Committee". It has therefore been unnecessary for us to take any position or attitude with respect to these questions up to this time.

GDV