

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date April 2, 1933To Chairman Eccles

Subject: _____

From Ronald RansomC O N F I D E N T I A L

I attach letter from Mr. Wayne C. Taylor, under date of April 1, together with the suggested memorandum for the President, covering matters discussed at two meetings of the committee which has been studying emergency and long-term credit requirements.

This was the committee consisting of the Secretary, Mr. Taylor, Mr. Jesse Jones, Mr. Douglas, Mr. James Roosevelt, and me. At the last meeting, I asked Mr. Szymczak to be present with me, as he was familiar with what we had done under 13(b) loans.

I have discussed this memorandum with Mr. Szymczak this morning and have advised Mr. Taylor that his memorandum covers the conclusions reached at the last meeting of the committee, which was March 31st.





ASSISTANT SECRETARY OF THE TREASURY
WASHINGTON

April 1, 1938.

Dear Ronald:

I am enclosing a copy of a suggested memorandum for the President covering matters discussed at the two meetings of the Special Committee appointed to study emergency and long-term credit requirements of large and small business enterprises.

If you have any suggestions I would like to have them as soon as possible, as it is hoped that the report can be presented to the President on Monday.

I would also like to have your suggestion as to whether the report should be signed by all of those attending the meetings, or whether it should be submitted in the name of the Acting Chairman.

Yours sincerely,

A handwritten signature in cursive script that reads "Wayne C. Taylor".

Honorable Ronald Ransom,
Acting Chairman,
The Federal Reserve Board,
Washington, D. C.

MEMORANDUM FOR THE PRESIDENT:

Two meetings of the Special Committee appointed to study emergency and long-term credit requirements of large and small business enterprises have been held. The first meeting was held in Secretary Morgenthau's office on Thursday, March 24, at which time a general discussion of the situation was undertaken. Among those present were Secretary Morgenthau, Wayne C. Taylor, Jesse H. Jones, William O. Douglas, James Roosevelt and Ronald Ransom. The second meeting was held on Thursday, March 31. Except for Secretary Morgenthau, who was unable to attend, and Matthew Szymczak who was not present at the first meeting, the same people attended both meetings. After an exchange of views, the following plan of action was outlined:

1. Immediate Credit Needs.

It was agreed that the Glass-Steagall bill, to expand the authority of the RFC to extend credit to public bodies and private enterprises, is highly desirable and should be enacted into law and that through the enactment of this law ample credit facilities would be again available on liberal terms to all forms of established public and private enterprise. It was emphasized that the availability of credit of this character should be presented effectively to the general public, and that it should be encouraged to avail itself of these facilities.

2. New Credit Facilities for Small Business.

Special consideration was given to the problem presented by the long term capital needs of smaller business enterprises which have not ready access to the general capital market. It was agreed that whereas the passage of the Glass-Steagall bill would adequately meet emergency requirements of this character, further study should be devoted to this specialized problem and that a sub-committee consisting of Messrs. Matthew Szymczak, Chairman, William I. Myers and John H. Fahey, be appointed to explore this field thoroughly with a view to recommending permanent mechanism to fill this existing gap in our credit facilities. The sub-committee was directed to analyze in particular the experience of the Production Credit Associations, National Farm Loan Associations, Credit Unions, Building and Loan Associations, Federal and Savings and Loan Associations, as the committee felt that an adaptation of the cooperative approach to this specialized problem offered the best possibilities.

3. Underwriting Capital.

It was agreed that the existing organization of underwriting facilities and the amount and character of available underwriting capital required special study. A sub-committee, consisting of Messrs. Wayne C. Taylor, Chairman, and William O. Douglas, was appointed to investigate this problem and to report to the full committee at a later date.

(Taylor)