

Bank of Canada

Ottawa June 22nd, 1939.

Mr. Marriner S. Eccles,
Chairman,
Board of Governors of the Federal Reserve System,
Washington, D. C.

Dear Mr. Eccles,

I enclose a copy of an Act to incorporate the Central Mortgage Bank, which received Royal Assent on June 3rd. The Act comes into force upon a date to be fixed by Proclamation and this is likely to take place as soon as the necessary preliminary formalities attending the organization of the new Bank are completed.

We have prepared and enclose a memorandum giving a brief background of the mortgage situation in Canada and ending with an explanatory note on the constitution and functions of the Central Mortgage Bank. You will observe that while the new Bank has a separate corporate existence and Board of Directors it is possible, by agreement between the Boards of Directors of the respective Banks, for the Central Mortgage Bank to obtain certain managerial services, or the loan of staff from the Bank of Canada. The extent of its operations will depend upon the number of companies entering into membership agree-

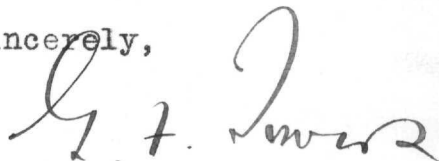
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ments. At the moment, we have no definite assurance in this respect, but we have reason to believe that when agreement is reached in regard to certain matters, such as the nature of the definitions mentioned in Section 31, the kind of appraisals contemplated in Section 17, and a few other operating details, most of the companies in the mortgage lending field will be prepared to take up the scheme. As well, in certain provinces where legislation now exists unduly restricting or impeding the rights and remedies of mortgagees, the adjustment of mortgages by member companies is conditional upon the removal of such undue restrictions in so far as adjusted mortgages are concerned.

I trust you will find the enclosed material of interest and if there are points in regard to which you would like some further information, I hope you will not hesitate to let us know.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "G. F. Turner". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Enclosures.

June 27, 1939.

Dear Governor Towers:

This is to thank you for your letter of June 22 enclosing a copy of the new act incorporating a Central Mortgage Bank and of the memorandum explaining it. I had seen a number of references to the act in the press and I am glad to have this authoritative statement of its purposes and provisions.

It is an important new development, particularly in view of the relationship established with the Bank of Canada. I shall be interested in knowing how it works out, and I hope I may have the pleasure of talking over this and other matters of mutual interest with you before long.

Your annual report impressed me especially because of your allusion to the same basic problem encountered in Canada, in the United States, and in other countries which are no longer able to rely upon the large continuous volume of new investment that characterized the rapid expansionist periods of the past. I am venturing to enclose a copy of a recent talk before the Harvard Business School Alumni in which I sought to state this fundamental problem as I see it.

With kindest personal regards,

Sincerely yours,

M. S. Eccles,
Chairman.

Honorable G. F. Towers, Governor,
Bank of Canada,
Ottawa, Canada.

enclosure

HT:b

Bank of Canada

Ottawa July 4th, 1939

The Hon. Marriner S. Eccles,
Chairman of the Board of Governors,
Federal Reserve System,
Washington.

Dear Mr. Eccles,

I have to acknowledge with thanks your letter of June 27th and its enclosure in the form of a copy of your recent talk before the Harvard Business School Alumni. I may say that after seeing references to that talk in the newspapers, I wrote to Washington for a copy, and read it with a great deal of interest.

Because of Central Mortgage Bank and holiday complications, my prospects of getting to Washington during the next couple of months are rather faint, but I hope that I shall have the pleasure of seeing you early in the autumn.

With best regards, I am,

Yours sincerely,

