

Office Correspondence

FEDERAL RESERVE
BOARDDate July 25, 1935.

Governor Eccles

Subject: Ownership of deposits study.From Lauchlin Currie*L.C.**"White Collar
Project"*

16-852

Attached is a letter for your signature to Mr. Stevens, enclosing three replies to letters he received in connection with the white-collar project; and also another letter to a non-member bank.

Sometime when you are free I should like to discuss the whole project with you.

July 25, 1935.

Mr. E. M. Stevens, Chairman,
Federal Reserve Bank of Chicago,
230 South LaSalle Street,
Chicago, Illinois.

Dear Mr. Stevens:

Thank you very much for the copies of the
replies you received in answer to my letter of
July 12.

I am enclosing suggested replies for you
to send to Mr. Barnes of the Citizens National
Bank, Decatur, Mr. McGaughey of the Millikin
National Bank, Decatur; and Mr. Rose of the
Merchants Trust and Savings Company, Muncie,
Indiana.

Yours sincerely,

Marriner S. Eccles
Governor

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3 Enclosures

L.C.

FILE COPY

Mr. William Barnes Jr.,
President and Trust Officer,
The Citizens National Bank,
Decatur, Illinois.

Dear Mr. Barnes:

Thank you very much for your prompt reply to my letter concerning a possible Works Relief Study of the distribution of deposits.

I have apprised Governor Eccles of its contents and he wishes me to convey to you his appreciation of the cooperative spirit you have shown. He also appreciates fully the confidential nature of any information on customers' deposits and assures me that no person would be employed in a bank who did not receive the approval of the officers of the bank.

I shall communicate with you at a later date if the Board decides to initiate the study.

FILE COPY

Mr. F. D. Rose,
President, The Merchants
Trust and Savings Company,
Muncie, Indiana.

Dear Mr. Rose:

Thank you very much for your prompt reply to my letter concerning a possible Works Relief study of the distribution of deposits.

I have communicated your observations to Governor Eccles and he desires me to express his appreciation of your cooperative spirit and the interest you evidence in the study. He feels that the special factors you mention do seriously call into question the desirability of a complete coverage deposit study in Muncie. In the great majority of banks, however, it is not proposed to try to obtain complete coverage, but rather to secure a homogeneous and continuous sample of selected groups of depositors. If, therefore, you were willing to cooperate in this study the inquiry would be confined to a group of personal and mercantile accounts for which you had continuous records from 1928 to 1932.

I shall be very happy to endeavor to answer any further inquiries you may care to make.

FILE COPY

Mr. W. R. McGaughey,
President, The Millikin National Bank,
Decatur, Illinois.

Dear Mr. McGaughey:

Thank you very much for your prompt reply to my letter concerning a possible Works Relief study of the distribution of deposits.

I have forwarded your inquiry to Governor Eccles and he wishes me to assure you that the purpose of the study under consideration is purely statistical and that elaborate precautions will be taken to safeguard the confidential nature of the information. You would not, of course, be expected to permit anyone access to your back ledgers without first having satisfied yourself as to his reliability and trustworthiness.

With regard to request for further information I am informed that it is believed by many people that a knowledge of the distribution of deposits among different economic groups in the course of the business cycle would aid in understanding and interpreting the nature of the changes in monetary incomes and expenditures that play so large a part in business cycles. It is hoped to test the correctness of this view by a sample study. The amount of work involved makes the Board reluctant to request the member banks directly for this information and it is felt that the Works Relief Program may offer an opportunity to prosecute a highly worthwhile study with no expense to member banks, while at the same time cooperating with the Government in providing employment to members of the white-collar class on relief.

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July 25, 1935.

Mr. Frank C. Welch, President,
The Peoples Savings Bank,
Cedar Rapids, Iowa.

Dear Mr. Welch:

Thank you very much for your prompt reply to my letter concerning a possible Works Relief study of the distribution of deposits.

I congratulate you upon the rapid growth of your business, although I am sorry that it means that you have no desk space available for white collar workers. I may, however, at a later date avail myself of your kind offer to furnish information tabulated by your own employees.

Very truly yours,

Marriner S. Eccles
Governor

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