

TO _____

FROM _____

REMARKS:

These are drafts of two letters that Mr. Eccles and Mr. Szymczak are supposed to get together on to see if they approve them.

Mr. Morrill brought them in.

1/17/49
10:00

GOVERNOR ECCLES' OFFICE

Proposed letter from Secretary Royall to the President

We have, as you know, been faced with difficult problems in endeavoring to formulate general policies and appropriate means of carrying them out in the credit, monetary and fiscal field in relation to the economic situation in Germany. I need not elaborate upon the importance to this Government of sound appraisals and solutions of the questions involved. The services of high caliber men of the requisite background and point of view for this purpose are not easily obtainable. In these circumstances I have discussed the matter with Mr. McCabe, Chairman of the Board of Governors of the Federal Reserve System, and he has indicated such a sympathetic and cooperative attitude that I am convinced that the Federal Reserve System might be in position to render assistance in this respect.

It would therefore be my suggestion that you request the Board of Governors to undertake the responsibility of setting up and providing from the Federal Reserve System a suitable Mission of top level quality for the purpose of devoting the necessary time to the consideration of the problems in the field which I have mentioned, and rendering a report with such recommendations as would best serve the interests of all concerned. The merit of such a Mission would lie in its objective and dispassionate appraisal of the situation and formulation of conclusions which could properly be carried out by the Army on behalf of the United States Government.

In undertaking such a responsibility the Mission should, of course, have the support and cooperation, not only of the United States Army, but of the other interested departments of the Government, in providing the Mission with needed information and facilities, such as are provided for general officers of the Army, for making its operation a success.

In connection with this proposal, we would like the Board of Governors also to obtain for the Army the services of a person whom it would consider qualified to act as Chief of the Financial Division in Germany and as a liaison between the Theater Commander and the proposed Mission. This would undoubtedly facilitate the work of the Mission as well as that of the Army.

With these purposes in mind, I enclose a suggested letter to the Chairman of the Board of Governors for your signature if this recommendation meets with your approval.

Proposed letter from the President to Chairman McCabe

As you know, the Department of the Army has been faced with difficult problems with respect to the formulation of general policies and appropriate means of execution in the credit, monetary and fiscal field in relation to the economic situation in Germany. It is a matter of the greatest importance to this Government that there be adequate appraisals of the problems and appropriate solutions. I believe that the Federal Reserve System has the resources and the ability to serve this purpose through a Mission of top level caliber possessing the capacity to bring to bear a broad, objective and dispassionate point of view. At the suggestion of the Department of the Army, therefore, I would appreciate it if the Board of Governors would undertake the responsibility to set up and provide from the Federal Reserve System such a high-level Mission with a suitable staff, which would devote the necessary time to the consideration of all aspects of the problems mentioned and the formulation of recommendations. In this connection, it is also suggested that the Board of Governors might be able to obtain for the Army the services of a person whom it would consider qualified to act as Chief of the Financial Division in Germany and as a liaison between the Theater Commander and the Mission. Such a liaison would greatly facilitate the exchange of views and information between the Army and the Mission.

In undertaking its responsibility, the Mission will have the full support and cooperation, not only of the Army, but also of

other interested departments of the Government. The Army will provide the Mission with housing, transportation and other facilities such as are accorded the general officers of the Army and would be appropriate and suitable for its important responsibilities.

It would be understood that there would be close and friendly cooperation between the Mission and the Department of the Army with a view to the formulation and submission to me of a report which will be comprehensive in its scope and will give me the benefit of the views of the Department of the Army as well as the Mission on the recommendations embodied in the report and the means of carrying them out.

If the Board of Governors feels that it is in position to carry out this proposal, it is suggested that you discuss it with Secretary Snyder as well as with Secretary Royall so that there will be a full and complete understanding as to the nature and purposes of the Mission and the most desirable means of making it effective. I shall be glad to be advised as to the results of your discussions.