

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 21, 1944

To Governor Szymczak

Subject: Report on "Recording and Re-

From Chairman Eccles

porting of Lend-Lease Transactions, etc."

The attached letter from Harold Smith, enclosing report, "Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad", and memorandum from Mr. Knapp are self-explanatory.

I will appreciate it if you will follow this matter up and advise me what comments, if any, we should make to Harold Smith.

EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington, D. C.

MAR 18 1944

My dear Mr. Eccles:

I am enclosing a copy of a report, "Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad," which has been prepared by an Interdepartmental Committee and is being transmitted to the Senate Appropriations Committee in compliance with a request by Senator McKellar. I understand that the Interdepartmental Committee had the cooperation of members of your agency in the preparation of this report.

I believe that certain aspects of the report may be of interest to you. May I ask you to have the recommendations included in the report examined with respect to operations with which you are concerned. I would be glad to know which of them you believe would be desirable and feasible to adopt.

Very truly yours,

(Signed) HAROLD D. SMITH

Director

Honorable Marriner S. Eccles

Chairman, Board of Governors of the
Federal Reserve System

Enclosure

April 12, 1944.

Honorable Harold D. Smith,
Director, Bureau of the Budget,
Washington, D. C.

My dear Mr. Smith:

In your letter of March 18, 1944, you enclosed a copy of a report, "Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad", prepared by an Interdepartmental Committee for transmission to the Senate Appropriations Committee. I much appreciate your thoughtfulness in sending me a copy of this report and I am informed that it reflects a very high quality of workmanship. We are very definitely interested in seeing some agency of the Government made responsible for the preparation of coordinated reports on government transactions having an international character. Such information would be immensely helpful to us in studying the present and future problems connected with international monetary stabilization, international investment, and other aspects of our foreign financial relationships. I am hopeful that the Committee's report will be acted upon favorably and that any reports compiled in the form suggested will be made available to us on a regular basis. In particular, we would hope that statements of government transactions with foreign countries, drawn according to the outline suggested on page 19 of the Committee's report, might be made available on a monthly or quarterly basis.

We have been much impressed by the great care and attention to detail which is manifested in the report and have only one or two suggestions for further study which relate to additional matters not fully covered by the report. I refer to two special types of government expenditures abroad, i.e. the disbursement of occupation currency in territories occupied by our armed forces, and the sale of gold by the United States Treasury in the open markets of various countries, notably in the Middle East. It would appear that foreign disbursements of these two types find no place in the statement of government transactions as formulated by the Committee. They are nonetheless of considerable and growing importance and I believe that the Committee should give thorough consideration to their inclusion in the terms of reference of the proposed central clearinghouse.

Very truly yours,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.