



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

OFFICE OF THE CHAIRMAN

May 16, 1944

Honorable M. S. Eccles,  
Hotel Ben Lomond,  
Ogden, Utah.

Dear Marrison:

I would have liked to have a verbatim report of the meeting with the Federal Advisory Council yesterday. They had evidently worked up some heat in their sessions on Sunday, due to the fact that they were not informed as to the holding company bill and the 13b bill which they found (evidently via the grapevine) had been prepared and would likely be introduced shortly. As Matt was in New York attending a meeting at the urgent request of Nelson Rockefeller, the Board had three members present - John, Ernest and Spike. John, being senior and having a clear road, did most of the talking for the Board. He did a pretty good job of removing the Council's "peeve" as regards the holding company bill. On the other hand, he gave the impression that the 13b proposal, which he admitted was approved by a majority of the Board, might well have been discussed fully with the Council since it is of direct interest to the banking system generally. I think the Council had expected the bill to be quite different from what it was and, after being furnished with a copy of the bill and the supporting statement and having it read by Walter Lichtenstein, they seemed much less concerned. I was advised by Mr. Traphagen late yesterday afternoon that the Council had passed a resolution approving the 13b proposal. I think they were much impressed by the fact that the bill actually takes away from the Federal Reserve Banks power to make loans directly in competition with banks. On the other hand, they were somewhat suspicious of the fact that the bill did not limit the percentage of guarantee, even though the statement explained that such guarantees would not exceed 90 per cent.

I was sorry you were not there but, on the whole, not very much damage was done.

Sincerely,