



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

May 19, 1944

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

Dear Marriner:

The enclosed came a day or two ago and Bob Leonard replied as per the enclosed copy. I thought I would send it on to you as you may wish to consult with some of your associates there before filling out the form.

Yesterday Al Cherry happened to be lunching in a group which included a Mr. Speck, who is one of the Assistant General Counsel at the Treasury. Speck mentioned the introduction by Wagner and Spence of a bill on 13b, adding "That was your own bill, wasn't it?", or words to that effect. Al professed some ignorance but Speck went on to say that the Treasury would have to be against us on this. I am passing this on as it evidently reflects the feeling in the Treasury about the bill. This is no surprise to me as I have expected them to be against it, particularly in the light of Dan Bell's frequent comments to the effect that the Federal Reserve Banks are private institutions and therefore should not have any access to public funds. I think the Treasury objections, however, will have a hard time standing up in a hearing.

Hope you are enjoying your visit home, including the opportunity to get acquainted with your new grandson. Also hope you are able to hold your own against Ben in your traditional golf match.

Everything quiet here.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harry".

Enclosures

P. S. At a late meeting this afternoon, Pack reported that Patman has either introduced the holding company bill this afternoon or will do so tomorrow or Monday. Pack read a statement he had prepared for Patman which suited all of us since it is to be Patman's statement and not the Board's. It was decided to send to each member of the Federal Advisory Council a copy of the bill, a copy of the confidential letter sent to the Reserve Bank Presidents yesterday explaining the origin of the bill, together with a covering letter which would tell the Council members that we have been advised by Patman that he is about to introduce the bill (or that he has actually introduced it) and that we, therefore, want them to be fully advised at the earliest practicable date. The thought behind this is that the Council showed considerable irritation at their last meeting here over the fact that they were kept so much in the dark about this legislation which they know is, in effect, the Board's legislation.

Colonel Mechem called me a few minutes ago to get some ideas for the proposed reply of the War Department to Senator Wagner's letter asking their opinion on the 13b bill. By the way, this is designated as S. 1918. He asked me whether the bill had been cleared with the Treasury and I told him it had not. He then asked if I thought the Treasury would object and I told him I didn't think they would object to the general idea, namely, removing the restrictions and using the fund as a guarantee against losses. I told him, however, that I thought they would probably object to turning the fund over to the Board as the Treasury likes to keep the custody of all public funds until actually spent. I am quite sure the War Department will give the bill a good boost, although they will, of course, point out that its chief use will be to furnish supplemental and more permanent credit after the period of cancellations which will be financed chiefly through the T loan program. I have a hunch, however, that the Navy (Coolidge, no doubt) will talk to the Treasury before they make a reply and, therefore, their reply may not be so favorable. If you were here, I am sure you could insure a favorable reply by talking the matter over with Forrestal. While it is most unlikely that hearings will be held before adjournment, I would not like to see the Navy take a position which they would be embarrassed to change even though they might recognize their error.

