

August 21, 1944

Chairman Eccles

L. M. Piser

I called Mr. Sproul regarding the Treasury's refunding offer. He still prefers the plan as originally proposed in the Executive Committee memorandum. He said further that if the Treasury wishes to refund the October certificates into a new issue of certificates he would prefer to refund the September 15 notes into an additional issue of $1\frac{1}{4}$ per cent notes at 100 $\frac{1}{32}$. He favors this position on the grounds that the market demand is in this area rather than in the area of the March 1946 notes and that it would serve to extend some of the Treasury's short-term maturities. I told him your position in the matter and he felt that banks were now extending maturities of their own accord because of the existence of the pattern of rates and that a refunding into $1\frac{1}{4}$ per cent notes would be of small importance as compared with what the banks are already doing.

I reported to Mr. Bell both your point of view and that of Mr. Sproul. He said that if he heard nothing further from us on the matter today he would go ahead on the basis of refunding the September notes into the March 1946 notes.