

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

December 30, 1949.

Honorable Maple T. Harl, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C.

Dear Maple:

You will recall that in my replies to questions asked by the Douglas subcommittee I stated that, in view of the primary responsibility of the Federal Deposit Insurance Corporation in the field of deposit insurance, I was hesitant about offering specific suggestions on that subject until I could have the benefit of the Corporation's views. The Board of Governors has concurred in that position.

However, as stated in my letter to you of September 13, 1949, the Board has received during the past year a number of requests from the Senate Banking and Currency Committee for reports on bills dealing with this subject. Recently we received an informal request from the Banking and Currency Committee for copies of the study made by the Board's staff and we replied that the study was not in final form as changes in the draft were still being made, that the Board had not had an opportunity to consider it, and that if its transmission to the Committee could be deferred until all of the changes could be incorporated in a revised draft it would be more helpful to the Committee. It is very likely that similar requests will be received during the forthcoming session of Congress and that the Board will be in a position where it will have to state its views.

Since my letter to you of September 13, further study has been given to this matter and the staff memorandum enclosed with that letter has been revised in the light of that study and suggestions received from the Federal Advisory Council and the Federal Reserve Banks. A copy of the revised memorandum is attached. The Board would appreciate it very much if it could have your comments on this study. It would also be helpful if it could have a copy of whatever studies the Corporation has made or the Corporation's current views so that the Board might have the benefit of this additional information in determining what it will say when it is again called upon by the Congress for a statement of its position.

I would be indeed pleased if you would have luncheon with me one day next week for the purpose of discussing the proposals outlined in the attached revised memorandum and the views of the Corporation on this whole problem, or, if you would prefer, I would be glad to arrange for a conference at which we and the members of our respective staffs could meet for the same purpose.

With every wish for a wonderful New Year, I am

Sincerely,

(Signed) Thomas B. McCabe

Thomas B. McCabe,
Chairman.

Enclosure