

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 24, 1945

Chairman Eccles

Subject: Bill "to aid in the

From Ramsay Wood

stabilization of construction", S.1449
introduced by Senator Murray

I am attaching a suggested reply to Senator Murray's letters of October 8 and October 11 in which he asks for your comments on S.1449.

In a letter of September 24, you commented on an earlier version of this bill, and made some suggestions for changes. The bill in its present form takes account of most of these comments and suggestions. It seems to be a much better bill, although it is still not coordinated with the Full Employment Bill, S.380, and it is possible that, if S.380 is passed, a measure like S.1449 may be needed.

The present bill provides for three groups: a Construction Policy Board which shall advise Congress and the President quarterly whether steps should be taken to increase or decrease the total amount of construction; a Public Works Stabilization Committee, which shall advise the President on how to stabilize Federal and Federally-aided construction and promote cooperation among State, local, and Federal construction agencies; and a Construction Industry Advisory Committee which shall advise the Construction Policy Board and the Public Works Stabilization Committee, and obtain as much coordination as possible of public and private construction.

Federal construction agencies are directed to prepare programs of construction for six years in advance, and a fund of \$150,000,000 is set up to be loaned free of interest to public agencies for the planning of projects. Money advanced from this fund is to be paid back when the projects are completed.

In statements which accompany the bill, Senator Murray makes it clear that the Construction Policy Board has no administrative duties, and that the President and the Public Works Stabilization Committee have the power only to modify the timing of construction approved by Congress. Senator Murray also makes it clear that "construction should not be considered a 'make-work' activity providing emergency outlets for public expenditures when business is depressed."

Attachment

RW

November 6, 1945.

Honorable James E. Murray,
United States Senate,
Washington, D.C.

Dear Senator Murray:

I have read the bill, S. 1149, which you enclosed
with your letters of October 8 and October 11, 1945.

Although I am still of the opinion that this bill duplicates
in part what would be achieved by the Full Employment Bill,
S. 380, I should have no objection to its enactment.

Sincerely,

M. S. Eccles,
Chairman

msk
kw



JAMES E. MURRAY, MONT., CHAIRMAN
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DEWEY ANDERSON, EXECUTIVE SECRETARY

United States Senate

Special Committee to Study Problems of
American Small Business

October 19, 1945

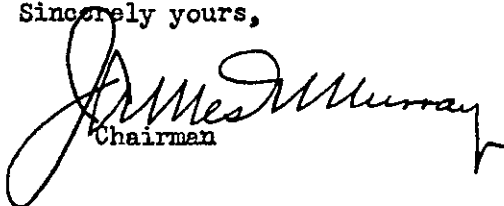
Marriner S. Eccles, Chairman,
Federal Reserve System,
20th & Constitution Ave., N.W.,
Washington, D.C.

Dear Mr. Eccles:

We are now preparing to resume the hearings on construction which were interrupted by the summer recess of The Congress. This letter has a double purpose: First, to remind you of your very generous response to the invitation of this Committee to aid it by appearing at a hearing; and second, to say that the hearing at which the Committee will be happy to have you express your views is scheduled for October 30, 1945 at 10 A.M. in the Senate Office Building. I shall have to give you the room number at a later date.

It seems desirable now to broaden the scope of the testimony on the "Flow of Credit Into Construction" to include an examination of the value and utility to the credit institutions of adequate knowledge of the market for construction. We shall be glad to have you explore the possibility and desirability of federal and state aid in unifying or coordinating the policies of credit institutions which lend money for construction. The thought here reflected is that effective use of trustworthy, adequate information on the markets for construction may call for multilateral actions by groups of lending institutions with the aid and cooperation of government.

Sincerely yours,


Chairman

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DEWEY ANDERSON, EXECUTIVE SECRETARY

United States Senate

Special Committee to Study Problems of
American Small Business

October 26, 1945

Marriner S. Eccles, Chairman,
Federal Reserve System,
20th and Constitution Ave., N.W.,
Washington, D.C.

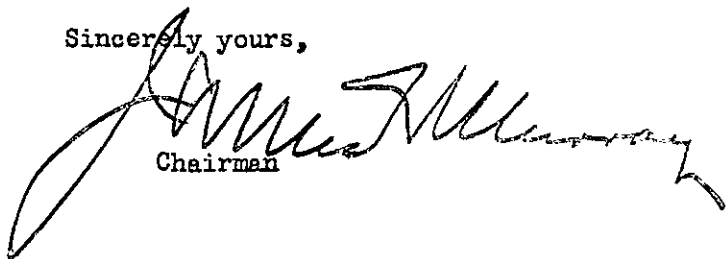
Dear Mr. Eccles:

The telephone call which I made to you on
October 23rd announcing a postponement of the
hearings on "The Flow of Credit Into Construction"
scheduled for October 30th and 31st, was made
necessary by the inability of three of the witnesses
to appear on the dates set.

As soon as new dates for the hearings can be
fixed, I will advise you.

Thank you for your continuing interest.

Sincerely yours,


Chairman