



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

REC'D IN FILES SECTION

JAN 7 1952

205.001

Eccles Marriner

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 21, 1938

CONFIDENTIAL

Dear Marriner:

I telegraphed you this afternoon regarding the request of the Banking and Currency Committee of the House that they would like to have you testify on the Patman Bill. At the hearing today Mr. Patman offered some amendments. He was asked by some member of the Committee why he had not had the Chairman of the Board of Governors as a witness on the bill, and also the Treasury and F.D.I.C. I understand his reply was in effect that he did not care what the Board's opinion might be. A resolution was then offered, which will come to us possibly tomorrow, in which you will be asked to appear before the Committee on any day after Wednesday of this week. Mr. Patman stated that he would be through his testimony by Wednesday. After obtaining the above information from Kit Williams, I received a telephone call from Congressman M. K. Reilly, of Wisconsin, the third ranking Democratic member of the Committee. He asked me why the Board had not put in any testimony regarding the Patman Bill. I told him that we had not been asked by the Committee, and asked him if he thought, under those circumstances, we should have appeared. He then told me what Kit Williams had already told me and which I have outlined above, and said that he considered it most important for you to appear before the Committee. He seems interested in developing both sides of the questions raised by Mr. Patman, and referred particularly to Mr. Patman's "attacks" on you and the System. I explained to him that you were out of town, I understood, until next week. He said that he did not doubt that the Committee would arrange for a hearing to suit your convenience. He further said that his mail was containing an increasing number of letters urging the passage of the Patman Bill, and he thought the matter should not be allowed to go by "default".

I do not know your plans, but in some way had had the impression that you intended to be back in Washington next week.

You recently asked over the telephone about hearings on the tax bill. I understand they will probably close by the middle of next week.

It is generally anticipated that the Reorganization Bill will pass the Senate next week.

It is also reported today on reliable authority that Senator Glass intends to start hearings on his Holding Company Bill next week.

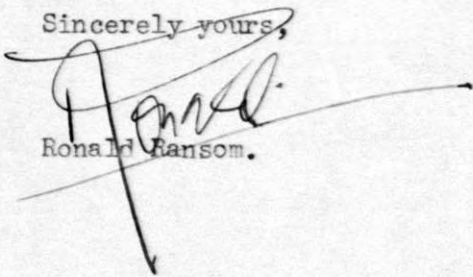
The bond market was strong today, as it was on Saturday. We had a long conference in Washington on Saturday with George Harrison. This was satisfactory. We decided today that if strength continued we could dispose of some of the bonds bought last week.

We are having summer here today, but I don't know how long that will last. I hope you are enjoying your stay in Florida.

Telephone me if there is anything that I can add to the above.

With kindest regards, as always,

Sincerely yours,


Ronald Ransom.

Honorable Marriner S. Eccles
Rooney Plaza Hotel
Miami Beach, Florida

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March 22, 1933

Eccles memo

The following is an excerpt from the Dow-Jones News-ticker of today:

"THE PRESIDENT SAID THAT HE PLANS TO SEND A MESSAGE TO CONGRESS FROM WARM SPRINGS SAYING AT FIRST THAT IT WOULD BE ON BANK HOLDING COMPANIES AND THEN AMENDING HIS STATEMENT TO SAY THAT IT WAS SOME OTHER MESSAGE HE HAD IN MIND."

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Eccles.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 22, 1938

Confidential

Dear Marriner:

Things are changing so fast these days that it is rather hard to keep you currently informed.

This morning, we received the request from the Banking and Currency Committee of the House for appearance on the Patman Bill. I discussed it at the Board meeting and we concluded that there were three courses open to us: First, the submission by the Board to the Committee of the statement on the bill that we had been working on with Dr. Goldenweiser and other members of the staff; second, individual appearances of members of the Board; third, your appearance as Chairman of the Board. It seems to us that the third is preferable for the reason that obviously this is what the Committee is asking and expecting. It would also appear that it would avoid some of the difficulties in either the first or second plan, which you and I have discussed. If it would be helpful, I feel that the Board can approve this statement previous to your appearance and you can submit it as a Board view, and can then be entirely free to express your own individual opinions as to some parts of the bill which you may want to discuss and which probably should be discussed.

After this meeting, I telephoned Mr. Goldsborough, who is Acting Chairman of the Committee (Mr. Steagall being in Alabama and not expected back until the latter part of next week) and told him that you were out of town on a brief vacation. He said that he knew of no one who deserved some rest more than you did and expressed his usual friendly interest in you and what you were doing. He said that he would take responsibility for saying that there was no reason for you to cut your vacation short or change your plans in any respect so far as the Patman Bill is concerned, and that the Committee would be looking forward to hearing you on your return, which I told him I hoped for your sake would not be before Monday, April 4.

There is some definite advantage in letting the matter be deferred besides your own schedule. I think there are going to be appearances in opposition to the bill, some of which

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may raise questions that should be answered by you. In other words, I think Patman's extreme views are going to be met by some equally extreme views on the other side, and that we will then have a chance to balance these and rationalize the situation more completely week after next than would be the case next week. I telegraphed you, giving you Mr. Goldsborough's statement, as soon as I had finished talking with him.

I have also just learned this afternoon that the hearings on the bank holding company bill will in all probability not come up next week. Senator Glass is still in town and there does not appear to be any reasonable expectation that he is leaving. Other things have intervened indicating (as of today) that these hearings will not come up very soon. Another factor in this situation is the published report today that the President is not going to send his monopoly message to Congress before his return from Warm Springs, Georgia.

There is nothing connected with the reorganization bill, about which I have been advised, that requires your presence here.

So far as the tax bill is concerned in the Senate it would appear from newspaper accounts to be set and I would not anticipate that anyone's testimony could change the course I think that committee will take in regard to some aspects of the bill, in which you are interested. I think their report may be made anytime next week.

So you will see that in two matters,--namely, the Patman Bill and the Bank Holding Company Bill, the situation is definitely changed from last evening when I wrote you. I hope this will relieve your mind and that you will stay on in Florida.

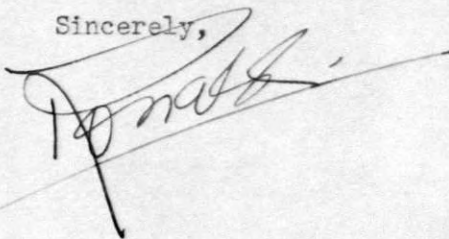
I would like to see the annual report completed, and this is the opinion of the Board this morning and all of the members of the staff. I am informed that all parts of it, which are in galley, have been submitted to you, and that Dr. Goldenweiser will have completed his portion of it sometime this afternoon. I will send you this under separate cover and will appreciate it if you will read it and return to me air mail with any suggested changes, or clear it by wire if you have no changes. I am doing the same thing with John McKee.

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Szymczak, Davis, and I will read it at once and clear it so far as we are concerned, so that the whole report can go to the printer and be ready for filing at the earliest possible date.

Sincerely,

A handwritten signature in dark ink, appearing to read "Donald", with a long horizontal line extending to the right.

Honorable Marriner Eccles
Rooney Plaza Hotel
Miami Beach, Florida

AIR MAIL

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BOARD OF GOVERNORS
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JAN 7 1938

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Eckles Memorandum

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 23, 1938

Confidential

Dear Marriner:

We had the meeting today on the subject of loans to industry. Mr. Douglas' proposal was discussed at some length. It did not meet with a very cordial response. There seems to be the general feeling that existing agencies should be used, and that S.E.C., R.F.C., and the Federal Reserve could work out together some statement that could be submitted to the President for public use and as indicating that the existing agencies of Government were prepared to do a great deal along this line, and that possibly some changes or amendments in existing laws could make them more efficient. Mr. Jones is to prepare such a statement, but I do not anticipate that he will have it ready before the early part of next week.

The existing applications for credit known to any of the three agencies in question are to be explored with a view of ascertaining if some help can be extended to these particular applicants and for the purpose of determining the class of applicant and the type of financing he may desire.

I think your memorandum contained suggestions as to amendments to existing laws applicable to all three agencies, or changes in existing practices by these agencies, which would be helpful in the situation, and, if you are not back by the time of the next meeting, I will again bring them up for consideration, as I did at today's meeting.

I do not know whether your memorandum went to Mr. James Roosevelt. He was present at the meeting today. Neither am I sure that it went to the President, although I understand there was a memorandum in his file from you on this subject. I understood from you or Larry before you left that Wayne Taylor had a copy of it. Douglas stated that he had not seen it. I did not know what, if anything, you wanted to do about giving it circulation beyond those to whom you sent it before you left.

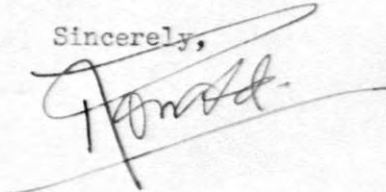
Regarding the Patman Bill, Senator Owens continued his testimony today. I am advised that Congressmen Reilly, Weeks, and Luce defended the Federal Reserve System from some of his attacks. The Economists' Committee on Monetary Policy have requested that six witnesses be permitted to testify on behalf of that committee against the bill. They are:

Beckhart, of Columbia
Kemmerer, of Princeton
Sprague, of Harvard
Phillips, of Iowa
Gideonse, of Chicago
Bell, of North Western University.

The Committee voted to permit them to testify, and they will be heard next week. Mr. Spahr is also scheduled to testify against the bill.

I think the condition of the market today was in part attributable to the announcement by the British Cabinet on the subject of the Countries East of the Rhine. It is believed that this caused the London market to sell off considerably before the opening of the New York Exchange, which is supposed to have reflected the London's market response to this announcement.

Sincerely,



Honorable Marriner Eccles
Rooney Plaza Hotel
Miami Beach, Florida