

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 6, 1943.

To Chairman Eccles

Subject: _____

From Mr. Clayton

As per your instruction, following luncheon today, I immediately called Mr. Bailey and went over to see him at 3:30. I took along a printed copy of H. R. 1699, introduced by Chairman Steagall yesterday, which is the two-section version, also a typewritten copy of the Bill in three-section form.

Mr. Bailey meanwhile had had Mr. Patterson of the Budget, in charge of Group III (this group comprises the various Governmental financial agencies, including the FDIC), come to his office. I explained the background of this legislation, stressing the fact that the only agencies which could be possibly concerned with it are the Treasury, the Federal Reserve, and the FDIC. I also stressed the fact that the Bill is primarily of concern to the Treasury in connection with its financing program and that both the FDIC and the Board have agreed to the measure on the ground that it is necessary to facilitate Treasury financing during the war period.

Mr. Patterson had evidently made some inquiries of the FDIC as he stated that Mr. Crowley had been somewhat reluctant at first to agree to the measure since it would exempt a particular class of deposits from assessment, to which he was averse on principle. Mr. Patterson also said that the FDIC estimated they might lose as much as \$5 million dollars a year in assessments. I told him that sounded like a very high figure but that in any event it was well worth it if the huge financing program could be facilitated thereby, to which Patterson readily assented.

Mr. Bailey said that he appreciated our informing him as to the origin and status of the Bill and that unless any of the three agencies was asked by a committee of Congress to make a written report on the Bill, he would expect to hear nothing further about it. In case such a request is received, however, he would expect us to submit the proposed reply to him for clearance.

Mr. Patterson had already furnished Mr. Bailey with a copy of the Bill, which he turned over to his secretary with directions to file it with a notation as to my visit. He was very cordial and appreciated our taking the trouble to keep him informed on this matter.



LC: jg