

December 4, 1944

To - CHAIRMAN ECCLES
From - MR. CLAYTON

Subject: SWPC Bill - S. 2004,
Passed December 1, 1944.

During the debate on this bill, an effort was made by Mr. Crawford, with some Republican support, to have the bill amended limiting the use of funds to the guaranteeing of loans, eliminating direct lending. The argument was made that a guarantee plan was much better than direct lending and that our bill would make the pending bill unnecessary. Chairman Spence then made the point that there was no conflict between the two bills. In his statement, he said:

" *** After the Baruch report and the recommendations made that the Federal Reserve insure the loans of banks in order to provide adequate funds for smaller business throughout the United States, I called up Mr. Eccles and told him I thought that was a most excellent plan, and if he desired to have a bill introduced to carry out that purpose, I would be glad to introduce it. He prepared such a bill, and I have introduced it. *** After the pending bill is passed, and I presume it will be by an overwhelming majority, I am going to see that the Banking and Currency Committee holds a hearing on the bill Mr. Eccles proposed, and I hope that bill will pass, I hope we can give to the smaller plants which are now in a condition in which they need help because of the existing emergency some effective help. I am sure it can be done by way of a guaranty, and I see no reason why that bill should not pass or why it should be in conflict with the present bill. Certainly the more accommodation we can give to these small plants the better it will be for them. *** "

