

FINANCE

608 SOUTH DEARBORN STREET
TELEPHONE HARRISON 7000
CHICAGO

REUBEN A. LEWIS, JR.
PUBLISHER

August 28, 1944

Dear Marriner:

The press reports of your testimony before the House and Senate Banking and Currency Committees were rather sketchy and not as full as we would like to publish in the next issue of FINANCE. These days, quite a bit of time elapses before the Committees print the text of the hearings so I am writing to inquire if we cannot obtain this information from you. Will you be kind enough to send us a copy of your statement before the two Committees if this is available, as well as any other data, such as letters from Danny Bell and others, indicating their position.

I talked with Lee Wiggins on the 'phone Saturday. He said that the ABA would not testify until after the ABA Convention out here late in September. Judging from his comments, I rather think that the ABA will backtrack somewhat and take the same position as the Treasury has. Certainly, the guarantee of loans by the Federal Reserve Banks would be vastly better than to have such a setup as is contemplated by Maury Maverick of the Smaller War Plants Corporation.

Keehn Berry wrote me and said that FINANCE was in error in stating that the Federal Advisory Council had unanimously approved the measure. We based this statement upon a declaration by one of the other members of the Council that the Council had been unanimously in favor of the Bill. You did not mention Keehn's name in your testimony before the Senate Committee but it is no secret to me as to who the banker was.

As FINANCE is so widely read, we would like to keep up with the plans for the hearings and intend to see that the proposed Bill is given a fair break.

Thus far, we have not seen an expression of your views as to the two plans evolved at the Bretton Woods conference. In our last issue of FINANCE, we published an interview with Ned Brown who thinks that the plans will work out. Doubtless you are withholding comment until the election is out of the way so that the monetary plans should not get into politics. Isn't there some way that you, with propriety, could permit us to set forth your views on the Bretton Woods plans? We do not have such a widespread circulation as FORTUNE but we dare say that FINANCE is read more thoroughly by the leading bankers of the country than is FORTUNE and if these plans are to be adopted, it is going to be necessary for the men who command respect to point out the benefits to be derived from them and the safeguards that have been thrown around their operation.

Did you read the story that we carried about Hinckley? It seems now that when they want a good man to fill an important position in Washington, they have to go to Utah. Maybe that is the reason that they never have appointed the other Governor to fill the long existing vacancy on the Federal Reserve Board.

FINANCE

608 SOUTH DEARBORN STREET
TELEPHONE HARRISON 7000
CHICAGO

REUBEN A. LEWIS, JR.
PUBLISHER

August 28, 1944

Mohan and I enjoyed ever so much the luncheon with you and your associates during our honeymoon in Washington and greatly appreciate your hospitality.

With the best of good wishes, I am.

Most cordially yours,



Honorable Marriner S. Eccles, Chairman
Board of Governors of the Federal Reserve System
Federal Reserve Board Building
Washington, D. C.

September 18, 1944.

Mr. Reuben A. Lewis, Jr.,
Publisher,
Finance Magazine,
608 South Dearborn Street,
Chicago, Illinois.

Dear Rube:

The press of matters here, including developments in connection with the Wagner-Spence Bill about which you inquired, has delayed this reply to your letter of August 28.

The only material I have available may already be in your possession, but in any case, I enclose a copy of the brief prepared statement I put into the testimony before the committees.

I hope that the ABA will modify its stand, as you indicate. Defeat of the Wagner-Spence Bill would make all the more likely the passage of some such measure as the Murray Bill, giving the SWPC a billion dollars of capital for direct competitive lending, whereas if the Wagner-Spence Bill is enacted it will not only reduce the pressure for something on the order of the Murray Bill, but it will put the banks in a position they would not otherwise be in to compete with the SWPC even if a Murray Bill were enacted. Under the Wagner-Spence Bill the banks can extend a type of credit that they could not safely extend otherwise. To extend such credits without the benefit of this legislation would at once subject them to criticism by bank examiners.

Unfortunately, the ABA opposition and particularly the speeches made by Walter French and Bob Hanes have prejudiced the financial community against the bill which, as you know, merely would provide a mechanism, like that in FHA, or in the V, VT, and T loans, of which the banks could avail themselves or not, as they saw fit.

The SWPC has already been able steadily to enlarge its powers without any evidence of opposition from the ABA. The bill, H.R. 5125, on disposal of surplus Government property contains provisions, approved by the Senate and House conferees, giving the SWPC broad responsibilities with respect to the needs of small business for such surplus property, and even authorizing the corporation to purchase surplus property for resale to small business. It authorizes the SWPC to make or guarantee loans to

Mr. Reuben A. Lewis, Jr.

(2)

September 18, 1944

small business enterprises in connection with the acquisition, conversion and operation of plants and facilities. Furthermore, it provides that in cooperation with the surplus disposal agencies of the Government, the corporation may arrange for sales of surplus property to small business concerns on a credit or time basis. This grant of authority is not limited or restricted in any way.

A few weeks ago the Senate, without hearings and without any evidence of dissenting vote, increased the capital of the SWPC from \$150,000,000 to \$350,000,000. In the Contract Settlement Act of 1944 the SWPC has been granted further broad authority to provide interim financing in connection with the termination of war contracts.

While the bankers have been gunning for the very measure which would help them, the SWPC, without any apparent opposition from bankers, has steadily enlarged its grip. That just doesn't make sense to me as a banker.

My understanding is that the Advisory Council were all in favor of the Wagner-Spence Bill, with the one exception you have in mind.

All of the foregoing is, of course, merely for your information, and not for quotation, attribution, etc., in whole or in part, or however you writers and publishers phrase it.

With regard to Bretton Woods, I feel that I should not at this time undertake to go to the public with such views as I have. Ned Brown did a splendid job, as you are doubtless aware, and I am told that he has been most effective since the Conference in winning converts, particularly among the bankers.

I saw your very fine story about Bob Hinckley. I think his selection for this difficult task was admirable and your build-up was well deserved.

Sincerely yours,

Enclosure