

Form F. R. 511

TO Mr. Piser

FROM Mr. Thurston

REMARKS:

3/1/46

What would you suggest telling this man? My notion was that the insurance companies do not have to be "pressured" to take all the Governments they can get.

L.T.


CHAIRMAN'S OFFICE

Mr. Tharston

I agree that
insurance companies
do not have to be
insured. I have
partially forgotten the
plan, but I think it
would have given
insurance cov. more
than 2 1/2 per cent
which is now out of the
proportion of fees

STATE MUTUAL LIFE
Assurance Company of Worcester, Massachusetts
INCORPORATED 1844

GERALD H. YOUNG, C.L.U.
GENERAL AGENT
ROOMS 2004-10
225 BROADWAY
BARCLAY 7-7700

NEW YORK CITY 7, N. Y.

February 26, 1946

The Honorable M. S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington 25, D.C.

Dear Mr. Eccles:

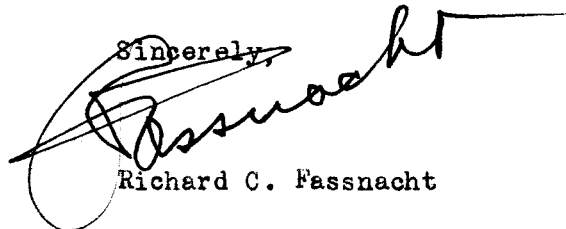
Your current comments on the prevention of inflation are highly interesting and worthy of every good American's consideration. I certainly hope that some of your suggestions are carried thru to a successful conclusion.

May I also at this time respectfully refer you to your letter to me of December 14, 1944, in which you acknowledged copy of my copyrighted "Prevent Inflation Plan", which had been sent to the Treasury Department some time previously for consideration.

One of the main objections to the acceptance of this plan during the war years was that the Treasury Department thought they had no right to pressure insurance companies to invest their premium monies in Governments. Now that the war is over, perhaps this plan fits in as a method of absorbing excess funds, especially if there is no longer any great pressure on the big companies to buy these self-same Governments.

Your reaction is looked forward to with great expectation.

Sincerely,



Richard C. Fassnacht

225 Broadway
New York 7, N.Y.
BARCLAY 7-7700

March 11, 1946.

Mr. Richard C. Fassnacht,
State Mutual Life Assurance Company,
225 Broadway,
New York 7, New York.

Dear Mr. Fassnacht:

Chairman Eccles asked me to thank you for your letter of February 26 commenting on his recent statement in regard to inflation controls.

I am wondering if you have not renewed your previous proposal directly with the Treasury since it, of course, is a matter within their province and decision. It is evident from the market price of Government securities that there is no difficulty whatever in disposing of them - quite the contrary - and the Treasury's balances are at present so large that there is no prospect in the immediate future for any new financing.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

ET:b