

Z - 2065

JUN 13 1947

Dear Sir:

This letter is being written to bring you and other interested persons in your district up to date on the present status of S. 408 and H. R. 3268 which relate to the repeal of the present section 13b of the Federal Reserve Act and the addition of a new paragraph to the present section 13 of the Act, providing for the guarantee of business loans by Federal Reserve Banks. You will recall that I addressed a letter to you under date of March 21, 1947, calling attention to the legislative situation at that time with respect to this matter.

S. 408 has been reported out favorably by the Senate Committee on Banking and Currency and is now on the Senate calendar. When a bill comes up on the Senate calendar, unanimous consent is necessary for its consideration, and when S. 408 was brought up recently, Senator Wherry, the Republican whip and a member of the Steering Committee, objected. While it is possible for a bill to be brought up on motion, such a course is not likely in this case without the consent of the Senate leaders. The only other method by which the bill may be brought up is by having it made the unfinished business of the Senate through arrangement by the Chairman of the Banking and Currency Committee with the Republican Steering Committee. Accordingly, it may be necessary to get the assistance of the members of the Steering Committee in order to obtain action on the bill by the Senate.

In the House the Banking and Currency Committee has completed hearings on H. R. 3268 but has not yet made a report on the bill. At present we have no indication as to whether or not the Committee report, when made, will be favorable.

In view of your special interest in this legislation and of the fact that many of the bankers, industrialists, and particularly small business enterprises in your district are also very much interested in the proposed legislation, we want you to be fully advised of the present status

THIS COPY FOR CHAIRMAN ECCLES

of the legislation so as to be in a position to acquaint interested persons in your district with respect thereto. As stated in my letter of March 21, it is important that it be understood that unless sufficient support develops for the authority to make guarantees, Congress may decide to pass the first section of the Bill and not the second, thus leaving the Reserve banks without any authority in this field.

As you know, I have testified before both the House and the Senate Banking and Currency Committees on these bills. You have been furnished with copies of my testimony before the Senate Committee on S. 408 and of press releases of statements made by me on June 3 and June 10 before the Banking and Currency Committee of the House on H. R. 3268.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS