



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 31, 1947.

Dear Sir:

Enclosed is a copy of an entirely unsolicited and unexpected letter I have just received from the Under Secretary of War. It is especially timely in view of our efforts to obtain enactment of S. 408. I am sure you will be pleased, as was the Board, with this commendation from the War Department.

It should be of some assistance in connection with your own efforts to stimulate interest in and support of the bill. It also helps to refute the attacks which Walter French, Deputy Manager of the American Bankers Association, has been making on the proposed legislation. In a recent speech he declared that "this proposal would encourage loose lending and further inflate the economy." He charged, in effect, that the Reserve Banks, under pressure from the Reserve Board, would approve unsound loans. The record of operations under 13b and under the V-loan program, both of which showed a profit after all expenses and losses, is convincing evidence of the unfairness of his accusations.

For your information I am also enclosing a copy of a letter to Vice President Pitman of the Federal Reserve Bank of Boston from C. W. Adams, Jr., advising that the Executive Committee of the New Hampshire Bankers Association has unanimously endorsed the bill. This favorable action was the direct result of Mr. Pitman's energetic efforts in the First District.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "M. S. Eccles".

M. S. Eccles,
Chairman.

Enclosures 2

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

WAR DEPARTMENT
OFFICE OF THE UNDER SECRETARY
Washington, D. C.

26 March 1947.

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

Dear Mr. Eccles:

On this anniversary of Executive Order 9112, which was signed by the President on 26 March 1942, I desire to express to you personally, and through you to the members of the Board of Governors of the Federal Reserve System and to the officers of the Federal Reserve Banks, the deep appreciation of the War Department for the very great assistance which the entire System has rendered it in connection with the Guaranteed Loan program.

The underlying philosophy of the Executive Order was, as you know, that in assisting war production contractors through guaranteed loans the War Department should use not only the funds already in the commercial banks of the country, but should utilize the existing credit machinery as well. It was to that end that the Federal Reserve Banks were appointed the Fiscal Agents of the War Department.

The universal acceptance of the principle of Regulation V loans by both the contractors and the banks is due in no small part to the good judgment, the skill and the expedition with which they have been handled by the Federal Reserve Banks. Especially appreciated were the helpful suggestions of the Reserve Banks during the liquidation phase of the "V" and "T" programs which, in many respects, called for an even greater degree of financial management than that required in the initial extension of credit.

You and the members of the Federal Reserve System who participated in this program should feel a deep satisfaction in your contribution to this important part of the war effort.

Sincerely yours,

(Signed) Kenneth C. Royall

Kenneth C. Royall
Under Secretary of War

C O P Y

THE FRANKLIN NATIONAL BANK
FRANKLIN, NEW HAMPSHIRE

March 21, 1947

Carl B. Pitman, Vice President
Federal Reserve Bank of Boston
Boston, Massachusetts

Dear Mr. Pitman:

Since writing you a few days ago with reference to your letter of March 13th, I have familiarized myself more thoroughly with the provisions of S. 408 recently introduced by Senator Tobey of New Hampshire. I am pleased to advise you it is my personal opinion that this Bill has considerable merit and that I am in favor of its passage.

I have also read the recent news release of a speech made by the Deputy Manager of the American Bankers Association opposing the Bill. I do not see in the Bill the dangers anticipated by Mr. French and I am impressed by the fact that the loans to be guaranteed would originate, not with the Reserve Banks, but rather with the member banks themselves.

I am sure you will be very much interested to know that at a meeting of the Executive Committee of the New Hampshire Bankers Association held today, the members were unanimous in favoring the passage of the Bill and I shall so notify the Congressional delegation from New Hampshire, and likewise the American Bankers Association.

Very truly yours,

(Signed) C. W. Adams, Jr.

Executive Vice President.

March 31, 1947.

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Sincerely yours,

M. S. Eccles,
Chairman.

Enclosures 2

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

ET:b

April 7, 1947.

Dear Mr. Chairman:

It occurred to me that you might be interested in seeing the enclosed copy of a letter from the Under Secretary of War in regard to the Federal Reserve System's assistance to the war effort in the guaranteed loan program.

Since 1934 under section 13b of the Federal Reserve Act and during and after the war in the V-loan program, the Federal Reserve Banks conducted 11 billion dollars of operations, the bulk of them in guaranteeing war production loans. After all expenses and losses, a profit was shown both on 13b and V loans. The record evidences, I think, the competence of the Federal Reserve Banks to exercise authority to guarantee in part loans by private banks provided Congress enacts S. 408 which you have introduced.

Sincerely yours,

M. S. Eccles,
Chairman.

The Honorable Charles W. Tobey,
Chairman, Committee on Banking
and Currency,
United States Senate,
Washington 25, D. C.

Enclosure

 ET:b

April 7, 1947.

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Sincerely yours,

M. S. Eccles,
Chairman.

The Honorable Jesse P. Wolcott,
Chairman, Committee on Banking
and Currency,
House of Representatives,
Washington 25, D. C.

Enclosure

 ET:b