



ELLIOTT V. BELL  
SUPERINTENDENT OF BANKS

STATE OF NEW YORK  
BANKING DEPARTMENT

~~270 BROADWAY~~  
NEW YORK 13, N. Y.

December 19, 1947

Hon. Marriner S. Eccles,  
Chairman of Board of Governors,  
Federal Reserve System,  
Washington 25, D. C.

Dear Marriner:

I have been intending for the past couple of weeks to write you a note about your statements before the Joint Committee on the Economic Report and before the House Banking and Currency Committee.

I think that you did an excellent job in setting forth the basic causes of our inflation. I very much agree with nearly everything you said and admire your courage, especially in singling out as "perhaps the most inflationary single factor" the excessively easy mortgage credit for housing.

Having said this, frankness compels me to add that I am not able to go along with you on the proposal for the additional special reserve requirement. As you yourself point out, there is not likely to be any need for such a special measure during the next four months. In the meantime it is perfectly possible that the need for drastic action to curb bank credit may have considerably diminished. In any event, I am not convinced that commercial bank credit expansion is as vital a factor in the whole inflation picture as this remedy would seem to suggest.

I take it that you yourself have little expectation of obtaining this authority at the present time, but you have, as usual, done a great deal to focus attention on the important aspects of the whole inflation question and to stimulate some very lively discussion, which, in itself, is an important contribution.

With kind regards,

Sincerely yours,

December 24, 1947.

Dear Elliott:

As the Chairman went to Utah as usual for the Christmas holidays, let me acknowledge your letter of December 19, which I know he will greatly appreciate even if you two do not see precisely eye to eye on the need for a special reserve requirement.

I had hoped that you might accompany the Governor to the Gridiron Dinner. Anyway, I hope you will be coming this way before long.

With all good wishes of the Season,

Faithfully,

Mr. Elliott V. Bell,  
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ET:b