

BYRON F. DUDLEY(BANKING AND FINANCE - 30 YEARS)
(NOW IN SEMI-RETIREMENT)

730 BEACON AVENUE

LOS ANGELES 14, CALIFORNIA

Dec. 3rd. 1949.

Mr. Marriner S. Eccles,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Eccles;-

For a number of years I have followed rather closely your opinions reflected in addresses and congressional reports, but the article in to days Los Angeles Examiner, regarding your opinion over low interest rates, increased taxes etc. merits some well earned compliments, I would say.

Obviously Mr. Snyder has the Truman program so well on his mind, that he is inclined to oppose any business program that I believe he might approve, if he was not Treasury Secretary.

The article in the current U.S. News relating to the interview with R.F.C. Gunderson, reveals that he and a few other credit men, are in charge of the loans of the R.F.C. and he states that he believes they have done a safe and commendable thing in loaning to the Kaiser people the modest sum of \$96,000,000 and the Lundstrom (Lustron) Corp. nearly \$38,000,000, and a total of \$450,000,000 now outstanding. He seems to have used a new C to the usual three Cs, heretofore used as a basis for making loans or granting credit, when he points with some pride to the fact that this gave employment to 58,000 people, besides perhaps bailing these concerns out at the banks.

He neglects to state how much capital the concerns furnished in addition to what the taxpayers furnished, and he does not give the net worth of the concerns mentioned. It seemed to me as I read the News article that the R.F.C are carrying out the wishes of the President, and in this manner, the president is thus dictating the outlet of the R.F.C. as he pleases.

This might not be so surprising, if he possessed any experience or background in handling finances outside of a very few we all know about. Then I thought too, that no bank would place him in charge of the loan department where loans of any considerable amount were involved, to say the most. This being the case, why should the taxpayers money be handled in such a manner, and when small business could very well be helped in thousands of cases?

I might say, that with your experience and background, I would be glad to vote for you as the next president or V.Pt. or I would be glad to see you Secretary of the Treasury.

Something should be done to stop this terrific spending.

Respectfully yours,



December 13, 1949.

Mr. Byron F. Dudley,
730 Beacon Avenue,
Los Angeles 14, California.

Dear Mr. Dudley:

Thank you very much for the compliments extended in your letter of December 3, 1949. In what I have had occasion to say I have simply tried to point out the basic factors in the economic situation and conclusions that logically may be drawn.

Obviously there is room for serious question as to the justification from the standpoint of a private enterprise system of the Reconstruction Finance Corporation loans to which you referred in your letter, but this is a question for the Congress to determine and the facts involved have been the subject of inquiry by a Congressional committee. While the article in the current News may not disclose all the answers to your questions, they may be more fully covered in the record of the testimony which, when printed, I assume you can obtain upon request.

Since your knowledge of the opinions which I have expressed is probably confined to what you have been able to read in the newspapers I am sending you three of my most recent statements: (1) an interview in the U.S. News and World Report for January 3, 1949; (2) an address at a luncheon of The Commonwealth Club of California on April 8, 1949, and (3) an address before the Iowa Bankers Association Convention on October 27, 1948.

I trust that these may be helpful to you.

Very sincerely yours,

M. S. Eccles.

Enclosures

CM:am