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CHARTER NO. 31

FIRST NATIONAL BANK

CAPITAL, SURPLUS AND PROFITS \$ 600,000.00

HUNTINGDON, PENNSYLVANIA

December 12, 1949

Hon. Marriner S. Eccles, Governor,
Federal Reserve System,
Washington, D. C.

Dear Marriner:

Thank you for taking time out to send me the enclosures with your welcome letter of December 9. I am pleased to have your statement and the supplemental letter in separate form even though I had already read both of them together with the colloquy connected with the statement before the Douglas Committee. I have also read the full report of the testimony of Al Williams and Carl Bopp on November 16. I can see that the question posed for the Federal Reserve Board and the twelve Banks has a number of serious dilemmas in it, and on this account I am glad to voice a feeling of confidence in the reactions of Senator Douglas and Congressman Wolcott especially, to the various considerations advanced and - I trust - yet to be advanced.

You know the story much better than I, but I must confess to some degree of surprise in your assertion that the FDIC "has been used to discourage membership in the Federal Reserve System and (per se) to weaken monetary policy." I can see that the plans of the Reserve Board would be less effective under the present alignment than under unification of the state and national banking systems, but I believe that we do not have sufficient occasion yet for vitiating the present order. I trust this may be the conclusion the Committee will arrive at when other influences are heard from.

On this "unification" reference to you in my letter of November 23, it would seem that the ground is pretty solid under my feet. You may have forgotten that in your testimony on the Banking Act of 1935 you said among other important things: "It would be in the public interest to bring about as rapidly as possible a unification of the banking system." Our friend "A. P." in November SPHERE of 1935 also wrote: "It (the Banking Act of 1935) contributes to that greatly needed banking reform, the unification of banking." So it appears to me that we are back again on the same old stamping ground.

Listening to Drew Pierson's broadcast last evening I heard him list as one of his "predictions" that you would be giving up your place with the Federal Reserve Board within six months. I trust that this may not be a correct forecast, for as I wrote you when the change in the Chairmanship was made, I should much prefer to see you in there pitching for the things in which you believe - even though I have to be found on the side of the opposite persuasion, betimes - than that we should be losing your forthrightness in many of these public issues. It seems that a lot of guys cannot stand up to a tough argument without losing something in a personal way with the man in the opposite corner. As we grow older we learn to avoid that sort of reaction even if the going gets rugged and terribly severe. Just about the hardest spot is to have a responsibility assigned without the right tools to get the job done to the best effect. I can readily see that some segments of your relationships on the Board must have grown irksome to you. But I wish to repeat my suggestion that you should stay by the stuff.

Incidentally, I should appreciate having your reaction at your convenience, on the article by Francis H. Brownell starting on page 11 of the December 8 Chronicle. I know so little about the Monetary Problem and my Princeton Classmate Phil LeBoutillier has been keeping me posted on the devaluation discussion. The Brownell article seems to me to have much merit. I have read every word of it and from my viewpoint as a layman, it appeals to me as being perhaps a practical method of re-establiishing coinage and convertibility.

This letter has stretched itself out too much, I realize, but I cannot omit a reference to my sorrow in the loss of Larry Clayton. He was one splendid fellow whose absence on the Board will be deeply felt. At our recent PBA visitation in Washington, he and I had some enjoyable fellowship I shall always remember with appreciation.

With very kind regards, I am

Sincerely yours,


Charles F. Zimmerman

December 15, 1949.

Mr. Charles F. Zimmerman, President,
First National Bank,
Huntingdon, Pennsylvania.

Dear Charlie:

I appreciated receiving your letter of December 12 commenting upon my recent statement and supplemental letter in connection with the recent hearings before the Douglas Committee.

With reference to the article by Francis H. Brownell in the December 8 issue of the Chronicle, as I am in agreement with that portion of Allan Sproul's remarks before the American Bankers Association in San Francisco on November 2 covering the gold question, I am enclosing herewith a copy of his address as I feel it will more fully give you my views than if I attempted to cover them in this letter.

With kind regards,

Sincerely yours,

M. S. Eccles.

Enclosure

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