

Schmidt

116 West Rose Ave
La Habra California

Mar 12 - 1951

Mr Mariner S. Eccles
Board of Governors
Federal Reserve System
Washington, 25, D. C.

Dear Sir. Thanks a million for your letter of Feb 5th
with the enclosures - "The Defense of the Dollar" and "Preparedness
against both war and inflation."

Am taking the liberty of further trespassing upon your time.
I am a subscriber to the Federal Reserve Bulletin and
ordinarily can find the answer to most questions regarding
our Nations money and assets. But I cant find out where
our Nations Gold assets are going and why. #

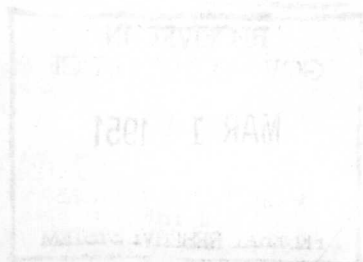
Our Nations Gold assets of Mar 6 - 1950 ^{were} \$24,345,301,000

our Nations Gold assets of Mar 6 - 1951 were \$21,950,693,000

A decrease of more than 2 1/4 Billion Dollars during the past year.
That is a powerful amount of Gold. Surely there is a
legitimate reason for this decrease.

Please advise me as to where these Gold assets have
gone and why.

Very Respectfully Yours
Harlan L. Savage, President
District Council #1
Oilworkers International Union.



Form F. R. 511(a)

TO Mr. Schmidt

FROM Miss Egbert

REMARKS:

3/19/51

Before leaving for the West Mr. Eccles asked me to turn this letter over to you with the request that you take care of the reply (he meant for you to write the man under your signature).

GOVERNOR ECCLES' OFFICE



March 30, 1951

Mr. Harlan L. Savage, President,
District Council #1,
Oil Workers International Union,
116 West Rose Avenue,
La Habra, California.

Dear Mr. Savage:

Governor Eccles, who has recently left for the West, has referred your letter of March 12, 1951, to me for reply.

The recent decrease in the gold assets of the United States, which you discuss in your letter, has been of great interest and concern to many people. Since you are a subscriber to the Federal Reserve Bulletin, you have no doubt already seen the March 1951 leading article entitled "The International Movement of Gold and Dollars in 1950." It analyzes these important international problems and we believe it should answer most of your questions.

Briefly, as that article points out, the sustained recovery in the gold and dollar holdings of foreign countries throughout 1950 (and the corresponding reduction in the United States gold stock) reflects three factors chiefly: (1) the sharp decline in the 1950 United States export surplus, which had already begun in mid-1949; (2) the continued large flow of United States Government aid abroad, and (3) the enlarged outflow, in the third quarter of 1950, of American private capital.

In reply to your second question, the table on page 256 of the March 1951 Bulletin shows in detail the 1950 changes in the gold and dollar reserves of each foreign country individually. It indicates, as does the chart on page 253, which countries have gained the gold reserves which the United States has lost.

Governor Eccles wishes me to thank you for your letter which he has read with considerable interest, and for your continued support of the work of the Federal Reserve Board.

Very truly yours,

(Signed) Charles H. Schmidt

Charles H. Schmidt, Acting Chief,
Business Finance and Capital Markets Section.

