

THE ARMY AND NAVY CLUB  
WASHINGTON

26 April 1951

Dear Mr. Eccles:

According to announcement in this morning's New York Herald Tribune, you are to be the first witness tomorrow morning before the Senate Banking and Currency Committee which is considering abolition of the R. T. C.

The present situation with respect to the Kaiser-Frazer loans is a good example of what the R. T. C. gets into when it goes in for private financing.

The enclosed copy of Harley Hise's letter of October 25, 1949 to Senator Fulbright - last paragraph states clearly why the R. T. C. granted the R. T. C. loans to promote the production of new competitive model automobiles. The last thing this country needs is a new model automobile.

The article by Sylvia Porter which appeared in the New York Post on November 30, 1949 is of extreme importance because of its reference to the R. T. C. and because of its conclusion that both Kaiser and the R. T. C. are through if the new "Henry J." is not a big success.

I am informed that there are now unsold in the hands of Kaiser-Frazer dealers and the company between 40,000 to 50,000 Kaiser-Frazer cars of all models. This can easily

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be verified.

The attached summary of "Kaiser Tragedy Facts" sets forth briefly the condition of the taxpayers speculation in this defunct auto company. When other manufacturers are making money, Kaiser continues to operate at huge losses. He has never made money except at the expense of the taxpayers.

His dealers today are in worse shape than ever before. They are loaded with cars that cannot be sold at a profit. Many have lost their life savings and have gone bankrupt and hundreds more are on the verge of bankruptcy.

The stockholders - a number of whom I represent - have watched their equity become completely wiped out.

The Government stands to lose over \$60 millions and perhaps more when Kaiser's present line is fully exhausted and he applies for further loans to continue unprofitable operation.

An Agency that creates this sort of a situation should be abolished.

Respectfully Submitted

Harry Smyth  
Col. DA Res.

O. HOWARD WOLFE  
214 ANN STREET  
MILFORD, PIKE COUNTY, PA.

April 29 1951

Dear Warner

I read the report of your testimony before the Senate Banking and Currency Committee with more than casual interest. You may remember me as a Vice President of the Philadelphia National Bank (now retired). What you may not know is that I organized the Philadelphia Loan Agency of the R.F.C. and served as its first manager. Since 1934 I have been a member of its Advisory Board.

With this background I feel that I am in position to know how valuable is the advice you gave the Senate in stating that the R.F.C. has outlived its usefulness. Certainly its present day functions are not those for which it was organized. We can be thankful that the record of the Agency, bad as it is, has not been worse in view of the character of the loan applications that were made.

O. HOWARD WOLFE  
214 ANN STREET  
MILFORD, PIKE COUNTY, PA.

I have little hope that your timely advice will be heeded. It goes against the tradition for Government - at any level - to give up power once acquired. Then there is the widely held idea, in Congress and elsewhere, that any and all loans are helpful. And finally there is not much public pressure since people seem to refuse to recognize the dangers of socialism which face us until, as in Australia, they have learned the hard way. I hope I am wrong.

Anyway, warm power to you.

Sincerely yours

O. Howard Wolfe

May 9, 1951.

Dear Howard:

It was thoughtful of you to take the time to write me on April 29 relative to my testimony before the Senate Banking and Currency Committee in its hearings on the Reconstruction Finance Corporation. I am glad to know that you are in full agreement with my testimony, that is, that the R. F. C. should be abolished. It is encouraging to know that someone who is as familiar with the R. F. C. as you are is in accord with my viewpoint in the matter.

I agree with you that it is doubtful that the R. F. C. will be abolished, that the Administration will keep the R. F. C. alive in some form. I do not believe the present Administration is much different from any other in that regard -- the life of the R. F. C. expired in 1948, during the Republican Congress and they had an opportunity to abolish it just by not taking any positive action to extend its life until 1954. The way things looked in 1948 they expected to win the election that fall and no doubt thought it desirable to have the R. F. C. in existence. It seems that both political parties have certain similarities which is unfortunate for the country.

Thinking you may not have had an opportunity and may be interested in reading it I am enclosing a copy of the full text of my prepared statement before the Senate Banking and Currency Committee.

With kind regards,

Sincerely yours,

M. S. Eccles.

Mr. O. Howard Wolfe,  
214 Ann Street,  
Milford, Pike County,  
Pennsylvania.