



AMERICAN BOX CORPORATION

1 MONTGOMERY STREET
SAN FRANCISCO
ZONE 4

May 3, 1951

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

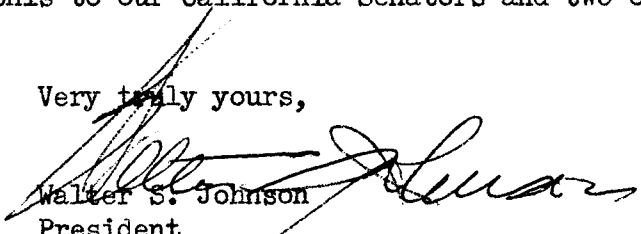
Dear Governor Eccles:

I note from newspaper articles that you made an appearance before a Senate Committee recommending the abolition of the Reconstruction Finance Corporation and I heartily endorse your recommendation, although it seems rather improbable that the Administration will take any action at this time.

We consider that during inflationary periods it is absolutely wrong for our Government to be lending money through any of its agencies to industry either large or small. There may come a time during some period of recession when such an agency as the RFC should be again activated to help us out of a depression, but loans should receive the approval of committees in various sections of the United States familiar with local conditions and the needs for such loans. There could be a separate committee for each of the 12 Federal Reserve Districts composed of a banker, an industrialist and someone representing the public. These men would be in far better position to approve or disapprove loans and safeguard the possibilities of favoritism and political pressure that have prevailed all along during the entire life of the RFC.

I am sending copy of this to our California Senators and two of our Congressmen.

Very truly yours,


Walter S. Johnson
President

WSJ:P

cc: Senators Nixon & Knowland
Congressmen Johnson & Engle