

# FEDERAL RESERVE BANK OF CHICAGO



OFFICE OF THE PRESIDENT

November 17, 1947

The Honorable Marriner S. Eccles  
Board of Governors of the Federal Reserve System  
Washington 25, D. C.

Dear Marriner:

Just a word to let you know what a wonderful job you did for the Federal Reserve System first by your talk to the combined boards of directors of the Dallas institutions and then your fine address at the dinner meeting. I wish all the Reserve City bankers in the country could have been present.

I had difficulty in getting home. Didn't arrive in Chicago until seventeen hours after I left you at the Dallas airport.

Kindest regards.

Sincerely yours,

November 21, 1947.

Mr. C. S. Young, President,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Hap:

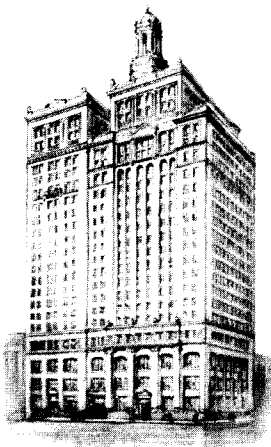
I appreciate very much your very thoughtful note of November 17, 1947 in regard to my talk at Dallas recently. Naturally, of course, I hope that it served a useful purpose and your impression is very encouraging.

My curiosity leads me to wonder what you were doing all of that seventeen hours between Chicago and Dallas; I covered a much greater distance in a little over six hours!

Very sincerely yours,

M. S. Eccles,  
Chairman.

CM:am



FRED F. FLORENCE  
PRESIDENT

# REPUBLIC NATIONAL BANK OF DALLAS

CAPITAL AND SURPLUS \$20,000,000.00

DALLAS 2, TEXAS

November 17, 1947

Mr. Marriner S. Eccles, Chairman of the Board of Governors  
Federal Reserve System  
Washington, D. C.

Dear Marriner:

It was a pleasure, indeed, to see you in Dallas the past Friday. I had hoped you would have some time for a more relaxed visit while you were here, but I know you were terribly busy at the Board meetings during the day and later at the dinner that evening. I sincerely hope you will be coming down again before long and that your time will permit you to come out to my home for a visit detached from the strenuous activities of meetings and speeches.

I was very pleased and impressed with your speech before the group Friday evening, and I know those present were tremendously interested in your comments concerning the current foreign and domestic situation. Your views on the foreign situation were clear and constructive, and I believe, as a result of the talk that evening, considerable public opinion was molded in accordance with the thoughts expressed by you. I also considered your warning as to the dangers of inflation most timely and impressive and am in complete accord with what you had to say in that respect.

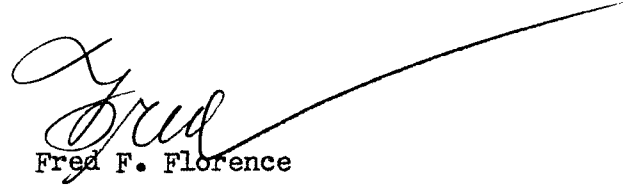
Because of my personal friendship and admiration for you, I should like to be able to go all the way with your views, but when they relate to the banking situation, I have not felt they would prove to the best interest for the Country over a long period of time, although I fully realize and appreciate the necessity of doing something to offset the inflationary tendencies that are now running rampant. I have this thought and, on a personal basis, should be glad to have your reaction to same. While you were in Dallas, you set forth some very pertinent reasons why something should be done with reference to the credit situation. I believe if a special letter were addressed to the member banks of this Country to be read to their boards of directors, in which you would outline the matter somewhat in accordance with your talk, you would find a wonderful response on the part of the banks and pretty complete cooperation in confining their loans to lines of productivity and, by recommendation and persuasion under the influence of your position, good results would be obtained. For all practical purposes, there would be accomplished the results you have in mind. This would obviate the necessity of special legislation to give such authority, and if your letter to the banks indicated that you hoped it could be accomplished without legislation, I believe there would be a fine cooperative attitude on the part of the banks. Certainly, we have been sufficiently impressed by what you had to say to

-2-

operate our banks, for all practical purposes, in accordance with the suggestions you set forth.

Please let me again thank you for coming to Dallas and affording me the pleasure of seeing you again. In the meanwhile, with warm personal regards and best wishes, I remain

Very sincerely yours,

A handwritten signature in cursive script, appearing to read "Fred", with a long, sweeping horizontal line extending to the right.

Fred F. Florence

November 21, 1947.

Mr. Fred F. Florence, President,  
Republic National Bank of Dallas,  
Dallas 2, Texas.

Dear Fred:

It is very encouraging to receive such a nice letter as you wrote me on November 17, 1947, following my visit to Dallas. I recognize that you do not concur in my thinking with respect to the banking situation but the fact that you are willing to listen to my views and to aid in bringing about their consideration by others demonstrates a broadminded attitude which I wish were more prevalent. I am afraid, however, that even a special letter addressed to the member banks of the country would not accomplish the purpose you have in mind because, in the first instance, it would have to be unduly long and, secondly, it is my observation that such communications are more likely to find their way to the wastebasket than they are to receive the desired attention at a meeting of a board of directors. I am inclined to believe that such views as I have expressed are more likely to be considered if they receive voluntary circulation by those who feel that they have sufficient merit for that purpose, as you indicate you have done in your own groups.

As you know, these problems are now coming up for consideration before various Congressional committees and in my appearance before those committees I expect to express as fully as possible the same views that you heard me express at Dallas. In this way, some additional circulation may be obtained.

Thanking you most sincerely, I am,

Very truly yours,

M. S. Eccles,  
Chairman.

CM:am

November 20, 1947.

Dear J. R. :

May I acknowledge to you the receipt of Mrs. Edwards' announcement of your marriage to her daughter.

I was advised that you had hesitated at New Orleans between returning to Dallas in your capacity as Chairman or continuing on to Florida in your capacity as bridegroom. I think that any other decision than the one you made would have been inexcusable under the circumstances. I was, of course, sorry not to see you but I cannot imagine a better reason for your absence.

Let me take this opportunity to wish you and Mrs. Parten every happiness.

Sincerely yours,

Mr. J. R. Parten  
Lamar Hotel,  
Houston, Texas.

ET:b  


At Home

Lamar Hotel

Houston, Texas

Mrs. Walker Gray Edwards  
announces the marriage of her daughter  
Patsy Edwards Puterbaugh  
to  
Mr. Jubal Richard Parten  
on Friday, October the thirty-first  
nineteen hundred and forty-seven  
Longview, Texas



P. L. WALDECK  
ASSOCIATE

H. P. DROUGHT  
ATTORNEY AT LAW  
FROST BANK BUILDING  
SAN ANTONIO 5, TEXAS

CABLE ADDRESS  
"DROUGHT" SAN ANTONIO

November 20, 1947

Honorable Marriner S. Eccles, Chairman  
Board of Governors of the Federal Reserve System  
Washington, D. C.

Dear Mr. Chairman:

As I listened to your address in Dallas last Friday evening, the thought continually recurred that your audience, large and influential though it was, was entirely too restricted,- that most, if not all, of what you said should have been heard by the American public generally.

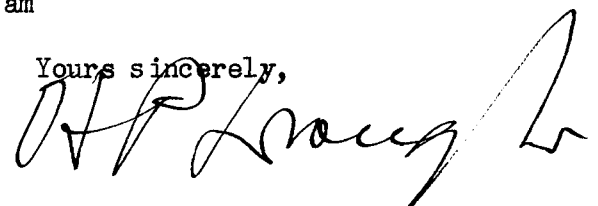
It may be that, as I am one of the two American Directors of the Matador Land and Cattle Company, Limited, of Dundee, Scotland, whose ranch holdings in Texas are about as large as those of any other owner, I had a keener appreciation of your remarks about Great Britain than some of the other guests. But, nevertheless, any one not imbued with the false tenets of isolationism must have accepted your account of Britain's plight and of the treatment this staunch ally has received from us, and must have been deeply impressed by it.

I am disturbed by what you told me during a recess in our meeting Friday to the effect that there may be pressure again on Britain to liquidate British-owned assets in this country, and I earnestly hope that this pressure will not be applied. It seems to me that to insist on a further liquidation of these assets would be roughly comparable to a banker insisting on a customer exhausting his resources in order to make himself eligible for a loan.

It was a pleasure to meet you. Like you, I have enjoyed the honor of serving at some personal sacrifice under an appointment from President Roosevelt but, of course, in a much less important position than yours. It was of sufficient importance, however, to require me to share some small part of the brunt of the misconceptions of the Roosevelt policies and the antagonism to them of many people of high standing. Hence, I can tell you that your sound ideas in the great field in which you serve and your forthright expression of them give those who have served as I did, a high degree of satisfaction. They give us considerable encouragement, too, in contending on our level against persons who, having had their positions and fortunes saved and safeguarded by the Roosevelt Administration, have since been foreseeing and predicting dire calamity because of what his Administration has done in behalf of the less fortunate.

With best wishes, I am

Yours sincerely,



HPD:W

December 3, 1947.

Mr. H. P. Drought,  
Frost Bank Building,  
San Antonio 5, Texas.

Dear Mr. Drought:

All too rarely I receive letters like yours of November 20, which is most heartening and therefore greatly appreciated. One always wonders whether in presenting a case it has been worth while or whether it has been sufficiently effective to make any dent on the audience. As you know, that usually depends on the prejudices and emotions of the group, and usually only a very small minority has the advance understanding, as you have, to be receptive. I thought your parallel about the banker exhausting a customer's resources in order to make him eligible for a loan was especially apt. And I shall take the liberty of borrowing that idea when discussing the subject in the future.

I was also impressed by your feeling, which I share, about those critics of the Roosevelt Administration whose positions and fortunes were salvaged but who remained implacably blind to the fact that their salvation depended so greatly on what the Administration did for the less fortunate.

I was very glad to have an opportunity to meet you and I wish to take this occasion to reciprocate most heartily your good wishes.

Sincerely yours,

M. S. Eccles,  
Chairman.

ET:b

FRANK L. McNENY  
DALLAS

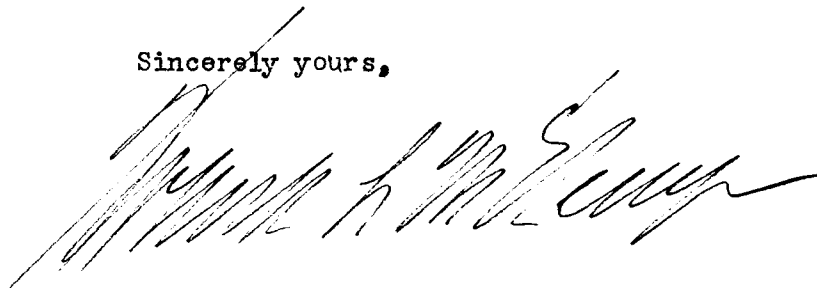
November 26, 1947

Honorable Marriner Eccles  
Federal Reserve Board  
Washington, D. C.

Dear Mr. Eccles:

I have been out of the City practically ever since your visit here. Will you please accept belated congratulations on the magnificent address you made on that occasion.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Frank L. McNeny", written in a cursive style with a long horizontal flourish at the end.

FLMc:hk

December 8, 1947.

Dear Mr. McNeny:

It was very thoughtful of you to  
send me your encouraging note of November 26,  
and I just wanted to let you know I appreciated  
it.

Sincerely yours,

Mr. Frank L. McNeny,  
Dallas, Texas.

ET:b

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

December 5, 1947.



Mr. Morrill

FROM

Mr. Thurston

The Chairman paged you a couple of nights ago not knowing that you were laid up with a cold. But what he wanted was to pass on to you some of the avalanche of correspondence for your expert touch.

Accordingly, I am carefully selecting some of the toughest ones, such as the attached from National Bank Examiner Hawkins.

E.T.



NATIONAL BANK EXAMINER

# TREASURY DEPARTMENT

OFFICE OF  
COMPTROLLER OF THE CURRENCY



Post Office Box 1193  
Austin, Texas

November 29, 1947

Hon. Marriner S. Eccles, Chairman  
Board of Governors  
The Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

It was a great pleasure to have the opportunity of meeting you and hearing your address at the dinner recently in Dallas.

Also, I have just completed the reading <sup>of news report</sup> of your recommendations to Congress.

You will know from our past correspondence, that your beliefs and mine run along the same or similar lines. Like you, I have no interest in the anti-inflationary movements only the common good of our country.

You will remember that following your address, I asked you a question and at the same time asked that you not answer it. No one heard me ask the question; it was while you were on the way out from the Texas Room at the Baker Hotel. He<sup>is</sup> the question again, but I do not expect that you comment on it now as it is too late to effect such a matter, probably not practicable to do so.

If the banks owed the Federal Reserve System \$12 billion to \$15 billion and were carrying \$15 billion to \$18 billion of the debt now carried by the System, would their loan and investment policies be less inflationary? I think so. Federal Reserve credit for reserve purposes, coming into the banks as deposits, is far more inflationary than funds lent to the banks by the System. It is my belief that your proposed special reserves would be anti-inflationary and probably cause the banks to stop making loans and investments which are inflationary. About four or five years ago I discussed the matter with Mr. Gilbert.

Please have sent to me your printed recommendations for last year and the current year. I desire to study more the special reserve provisions. Also, please send a copy of your recent recommendations to the Congress if they are printed and available.

Sincerely yours  
*J. W. Hawkins*  
J. W. HAWKINS (National Bank Examiner)

December 16, 1947.

Mr. J. W. Hawkins,  
Post Office Box 1193,  
Austin, Texas.

Dear Mr. Hawkins:

I regret that I have been unable to acknowledge at an earlier date the receipt of your letter of November 29, 1947 with reference to my talk at the dinner in Dallas. While I note that you read the news reports of the recommendations that I submitted recently in hearings before Congressional committees, these reports were probably very brief. In accordance with your request, I take pleasure in sending you a reprint of my statement before the Joint Committee on the Economic Report on November 25, 1947.

Your hypothetical question, whether the loan and investment policies of the banks would be less inflationary if they owed the Federal Reserve System \$12 billion to \$15 billion and were carrying \$15 billion to \$18 billion of the debt now carried by the System, assumes that the Federal Reserve Banks might in a relatively short period sell \$15 to \$18 billion dollars of their present holdings and that at the same time the banks might borrow from \$12 to \$15 billion dollars from the Federal Reserve Banks. Such an operation would mean abandonment of the policy of maintaining the market for Government securities and could only be accomplished at the risk of catastrophic effects upon the long-term Government bond market. You are aware, I am sure, of the antipathy of banks toward borrowing from Federal Reserve Banks, especially in such enormous amounts. The proposal which I have submitted to the Congressional committees would accomplish some restraint without any such disruptive effects upon the Government bond market.

Very sincerely yours,

M. S. Eccles,  
Chairman.

Enclosure

CM:am



**FEDERAL RESERVE BANK  
OF DALLAS**

**R. R. GILBERT**  
PRESIDENT

December 1, 1947

Mr. Marriner S. Eccles, Chairman  
Board of Governors of the  
Federal Reserve System  
Washington, D. C.

Dear Governor Eccles:

I am sending you, under separate cover, a photograph of the group of bankers and businessmen who attended the dinner given in your honor by this bank on Friday evening, November 14; also, a list of the individuals who were invited to the dinner, as well as a list of those who were present. Our directors and I are most grateful to you for coming to Dallas to attend our joint board meeting and our dinner meeting, and for the most interesting talks you made at those meetings. Following the meetings I received several letters from our branch directors, and a number of letters and phone calls from local bankers and businessmen, all expressing their appreciation of the opportunity to hear your discussions, some of them indicating their approval of several of the points you developed in your talks.

I am sure you realized long ago that, generally speaking, the bankers of the country are opposed to the special reserve plan. With one or two exceptions, the bankers of this district with whom I have discussed the matter are very much opposed to the idea. For some unknown reason, they seem to be more concerned about the possible nationalization or socialization of banking in this country than they are about a further inflationary boom followed by a bust, and to feel that the adoption of the proposed special reserve plan would be the first step toward nationalization or socialization of the commercial banking system.

Both personally and officially I sincerely appreciate your visit, not only because it was nice to have you in Dallas, but because you made our joint board meeting and our dinner meeting outstanding affairs, and because I know it was terribly difficult for you to be away from Washington just prior to the opening of the special session of Congress. I hope that your next visit will not be too long delayed, and that at that time you may be able to spend a day or two here playing golf and relaxing completely.

I am looking forward with pleasure to seeing you in Washington next Monday and Tuesday.

With best regards and all good wishes, I am,

Sincerely yours,

A handwritten signature in dark ink, appearing to read "R. R. Gilbert", written in a cursive style.

R. R. Gilbert  
President



December 9, 1947.

Mr. H. H. Gilbert, President,  
Federal Reserve Bank of Dallas,  
Dallas 13, Texas.

Dear Handle:

I am sorry that I have not been able to acknowledge sooner your very thoughtful letter of December 1, 1947 in regard to my recent visit to Dallas, because of the demands upon my time for appearances before Congressional Committees and for the preparation of the material to be submitted. In the meantime, I have had the pleasure of seeing you at the meetings of the Presidents Conference and the Federal Open Market Committee, and I assume that you have read copies of the program which I outlined in the course of the hearings. Therefore, you have a fuller opportunity to think over these matters than was possible at the time of my visit and I have no doubt that more discussion of the proposals has taken place in your district than would have been the case ordinarily. Again I wish to thank you for the opportunity of explaining my point of view more thoroughly by word of mouth at Dallas than would have been possible merely through the printed word.

Most sincerely yours,

M. S. Eccles,  
Chairman.

CM:am