



FEDERAL RESERVE BANK OF DALLAS

R. R. GILBERT
PRESIDENT

June 8, 1951

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

Dear Governor Eccles:

I am enclosing three glossy prints of you, which were made during your recent visit to Dallas to address the Texas Bankers Convention. These pictures were furnished by W. A. Philpott, Jr., Secretary of the Association, so I decided to send them to you, thinking you might like to keep at least one of the prints.

Permit me to tell you again how grateful Phil and I are to you for agreeing to participate in the Association's program this year, and what a fine job I think you did in answering and refuting some of the rather vague statements made by Jim Shelton in his talk to the bankers here.

I am sure you noticed a short time ago the press statement covering John Snyder's testimony before a House committee. I think it may be inferred from that testimony that he has not given up the fight for support of Government security prices and a revival of easy money policies, supplemented by additional direct controls. I think it can also be assumed from other statements that have appeared in the press that some members of the Treasury's staff are in disagreement with the terms of the Federal Reserve-Treasury "accord" and feel that developments which have taken place in the Government securities market since early March have not been in the public interest. On a problem such as that confronting the Treasury and the System, I doubt that an agreement can ever be reached which is not likely to be subject to reopening with the passage of time. Since, as we all know, the basis of effective credit policy is control over the availability of bank reserves, I believe that the System must be constantly on guard to avoid losing ground that was gained only by the greatest effort and with extreme difficulty. While I am convinced that a wholly free Government securities market could not be justified under present conditions, it is perfectly clear to me that any return to a semblance of a "pegged" market would virtually undo all that has been accomplished during recent weeks, and would place the System again in a position where initiative in obtaining bank reserves rested with the banking system and nonbank investors.

Making such statements as these to one like you, who is so thoroughly versed in matters relating to credit policy, open market

operations, etc., is probably like carrying coal to Newcastle. Nevertheless, I am passing these views on to you in order to get them "off my chest".

Hoping that all is well with you, I am, with best regards,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. R. Gilbert".

R. R. Gilbert
President

June 26, 1951.

Dear Randle:

A lot of water has gone over the dam, as the saying goes, since I received your letter of June 8 and you can well imagine that the sequence has been a small flood! I am only now getting around to taking care of some of my personal correspondence.

I was happy to receive your letter of the 8th and want you to know how much I appreciated your thoughtfulness in advising me of the reaction to my address before the Texas Bankers Association. I was pleased to have the opportunity and I am glad to know that you approved of what I had to say.

It was thoughtful of you and Mr. Philpott to send the photographs on to me. I appreciate having them and want to thank you both.

With kindest personal regards,

Sincerely yours,

M. S. Eccles.

Mr. R. R. Gilbert, President,
Federal Reserve Bank of Dallas,
Dallas, Texas.