

January 23, 1946.

Dear Harold:

Because of your interest and responsibilities, I thought you might like to see, if you had not already noted, the relatively brief commentary I issued in connection with the Board's action raising margin requirements to 100 per cent. Accordingly, I am venturing to enclose a copy.

I know that in the rush of affairs here I sometimes overlook statements that I would like to take note of, which is my excuse, if any is needed, for bothering you with this. I purposely refrained from being any more explicit about the way in which the commercial banks are competing for an excessive amount of Government securities, but I wanted to say enough to call the attention of those who would understand its significance to this extremely serious situation.

Sincerely yours,

The Honorable Harold D. Smith,
Director of the Budget,
Washington 25, D. C.

Enclosure

ET:b
