

William McChesney Martin, Jr., Papers

Box 19/Folder 7

Series V, Subseries A

Congrats Letters on Nomination, M-N

April 16, 1951

Dear Mr. Mitchell:

How nice to hear from you and to know that you and Doctor Tator are continuing your travels so pleasantly.

Both Mrs. Martin and I were delighted to hear about Mrs. Morse and remember with a great deal of pleasure the good time we had on the AMERICA last summer. I do hope we can make another trip one of these days.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. A. V. G. Mitchell
Summit
New Jersey

Caribe Hilton

SAN JUAN, PUERTO RICO

March 17, 1951.

Dear Mr. Martin:

During our brief association on the "America" last August I learned a respect for your opinions, and an admiration for your clear thinking that I find vindicated in your appointment to succeed Mr. McEwens as Chairman of the Federal Reserve System.

May I add my congratulations to those of your many friends on this recognition

of your ability, and offer
you sincere good wishes for
the utmost success in the
heavy responsibilities you
have assumed.

I arrived here Thursday
after a fortnight in Rio with
friends, and expect Dr. Pator to
join me this week-end for
the Easter holidays. It
may interest Mrs. Martin
to learn that Phoebe Stone,
the attractive blond of our
table group, is here with her

husband Frank, a likable
fellow, apparently happily
reconciled! I lunched with
them today and they appear
to be a very devoted couple.
It's a we bit of a work!

With my compliments
to Mrs. Martin, and renewed
good wishes for yourself, I am,
cordially yours,

A. J. Mitchell
& Summit, U. S.

Hon. Wm. Chesney Martin, Jr.
Washington, D. C.

April 20, 1951.

Dear Ros:

Thank you for your nice letter of April 16, and it brings back happy memories of our association with the Magill Committee to offset the demand for a brokers' bank. I don't know what we would have done without you at that time and I welcome an opportunity to tell you again how appreciative I am.

I will look forward to visiting with you from time to time and benefiting from your Treasury experience. You and I belong to the same fraternity, that is, ex-Assistant Secretaries of the Treasury, although I never quite reached the Under Secretaryship.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Roswell Magill,
Cravath, Swaine & Moore,
15 Broad Street,
New York 5, New York.

WMcCM:b

CRAVATH, SWAINE & MOORE

15 BROAD STREET

NEW YORK 5

TRANSPORTATION BUILDING
WASHINGTON 6, D.C.

HOYT A. MOORE
DOUGLAS M. MOFFAT
CARL W. PAINTER
LEONARD D. ADKINS
MAURICE T. MOORE
DONALD C. SWATLAND
CHESTER A. McLAIN
BRUCE BROMLEY
ROSWELL MAGILL
A. I. HENDERSON
WM DWIGHT WHITNEY
ALFRED MCCORMACK
CARLYLE E. MAW
EDWARD S. PINNEY
ROSWELL L. GILPATRICK
THOMAS A. HALLERAN
L. R. BRESLIN, JR.
ALBERT R. CONNELLY
GEORGE B. TURNER
FRANK H. DETWEILER
GEORGE G. TYLER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
FREDERICK S. BEEBE

NEW YORK

April 16, 1951

Dear Bill:

I have been out of the country on a case and hence have been delayed in writing to congratulate you and the Federal Reserve System upon your appointment as Chairman. I should think the work would be much to your taste and I am sure you will do a swell job. I hope I shall have the pleasure at some time during the spring of calling upon you in your palatial new quarters.

I still recall with much pleasure our association on the Stock Exchange Board. I think we did a good job while it lasted.

With warm regards,

Sincerely yours,

Wm Maque

Wm. McC. Martin, Jr., Esq., Chairman,
Board of Governors,
Federal Reserve System,
Washington, D. C.

F

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

SYMBOLS

DL=Day Letter
 NL=Night Letter
 LT=Int'l Letter Telegram
 VLT=Int'l Victory Ltr.

(18)=

W. P. MARSHALL, PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WPO53 PD=PH SAN FRANCISCO CALIF 2 835P=

1951 APR 2 PM 12 21

WILLIAM MCCHESENEY MARTIN JR=

FEDERAL RESERVE BLDG =

REGRET EXCEEDINGLY THAT I CANNOT ATTEND YOUR INDUCTION
 AND EXTEND TO YOU PERSONALLY MY HEARTIEST CONGRATULATIONS.
 I AM SURE YOU WILL DO AN EXCELLENT JOB. MY VERY BEST
 WISHES ARE YOURS=

ABE MULTER=

Comp. from N.Y. - No Pkg & Currency

ack'd 4/11

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

March 28, 1951

Dear Carroll:

How nice of you to take the trouble
to write me!

I also appreciate the good wishes of
Roy who I am sure would defeat me at tennis
without any trouble now.

I will hope to see you on the courts.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Carroll Morgan
Robert C. Jones and Company
1625 Eye Street, N.W.
Washington, D. C.

MEMBERS
NEW YORK STOCK EXCHANGE
NEW YORK CURB EXCHANGE (ASSOCIATE)
WASHINGTON STOCK EXCHANGE

ROBERT C. JONES & CO.
THE CAFRITZ BUILDING
1625 EYE STREET, NORTHWEST
WASHINGTON 6, D. C.
METROPOLITAN 2922

REPLY OR CORRESPONDENT
-FRANCIS & DUPONT & CO.-
ONE WALL ST.
NEW YORK, N. Y.

March 16, 1951

Mr. William McChesney Martin, Jr.
Assistant Secretary of the Treasury
Treasury Department
Washington 25, D. C.

Dear Bill:

The good news this morning gives me another opportunity to write you to congratulate you on your appointment to the Board of Governors of the Federal Reserve and to serve as its new Chairman.

Looking back, it seems to me you have every few years given me an opportunity of writing you by being appointed to some new and more responsible position in our Government. It is a real pleasure to me to have an individual of your ability and integrity appointed in these times to such an important post.

In passing, I might say, I hope you will not change your mode of living, especially as to the health part of your program, which I hope will continue to include tennis.

With best regards, I am,

Sincerely,


Carroll Morgan

P. S.

My son, Roy, Yale 1949, also sends his congratulations to Yale, Class of '28.

March 28, 1951

Dear Ned:

Many thanks for your good wishes.

It was certainly nice of you to take the trouble to write me, and I will hope to see you on the tennis court in the not too distant future.

Sincerely yours,

Wm. McC. Martin, Jr.

Honorable Ned Murdock
Judge's Chambers
The Tax Court of the United States
Washington, D. C.

THE TAX COURT OF THE UNITED STATES
WASHINGTON

JUDGE'S CHAMBERS

March 22, 1951.

Hon. William McChesney Martin,
2861 Woodland Drive, N.W.,
Washington 8, D.C.

Dear Bill:

I am delighted with your appointment and confirmation to an important position which you will fill ably and with great credit to yourself and to the President who appointed you. My good wishes for your success are not necessary but you have them anyway.

Sincerely yours,

Ned Murdock

March 28, 1951

Dear Tom:

Mary thanks for your wire, and I
will hope to see you from time to time.

I had a nice visit with Al Beeson
recently.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Thomas Meek
National Association of
Investors Brokers
24 Broad Street
New York, N.Y.

3424

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HON WM MCCHESENEY MARTIN

TREASURY DEPT

CONGRATULATIONS BEST WISHES OUR INVITATION FOR THAT DINNER

MEETING STILL STANDS

TOM MEEK NATIONAL ASSN INVESTORS BROKERS

359P..

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March 28, 1951

Dear Egbert:

Thank you very much for your nice letter of March 19 about my new post with the Federal.

Dad is still alive and I am sure he is pleased, although he is not well enough to take too much pleasure out of it.

Cynthia and I send regards to you and Dora, and we will hope to see you in Sea Island if not in Washington.

I do hope things are working out for you on the tax matter.

Our best as always,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Egbert Moxham
Brunswick Marine Construction Corporation
Brunswick, Georgia

BRUNSWICK MARINE CONSTRUCTION CORPORATION
SHIP BUILDERS, FITTERS AND ENGINEERS

MARINE AND INDUSTRIAL REPAIRS

MARINE RAILWAY

BRUNSWICK, GEORGIA

March 19, 1951

William Martin, Jr., Esq.,
2444 Massachusetts Avenue, N. W.
Washington, D. C.

Dear Bill:

The announcement in the paper a day or so ago was certainly tremendously interesting to me, and I hope very sincerely that the move over to the Federal Reserve is going to be one that you are extremely happy about. I cannot think of a nicer thing for you and for your father in view of his very important part in the inauguration of the Federal Reserve System than to have you come in as Chairman. It is the kind of thing that happens so rarely in life that it must be a source of great gratification to you and to him if he is still alive, as I sincerely trust he is. It is a wonderful accomplishment and all of your friends are very proud and happy with you in it.

With very kind regards, believe me,

Very sincerely yours,



Egbert Moxham

EM:cj

March 28, 1951

Dear Walter:

Thank you very much for taking the trouble to write me.

I was quite interested in hearing about your work for Senator Glass, and it is possible you ran into my Father at that time as he was consulted quite a bit and was here in Washington frequently.

I will certainly look forward to continuing our pleasant conversations.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Walter Myers
Assistant Postmaster General
Bureau of Facilities
Washington, D. C.

~~XXXXXXXX~~ ASSISTANT POSTMASTER GENERAL
BUREAU OF FACILITIES
WASHINGTON 25, D. C.

March 16, 1951.

Honorable William McChesney Martin
Assistant Secretary of the Treasury
Treasury Department
Washington, D. C.

Dear Bill:

Upon getting back to the city this morning I was advised of your appointment as Chairman of the Federal Reserve Bank. I cannot tell you how pleased I am to see this done.

I have a special interest in the Federal Reserve Bank. Way back around 1910 I was engaged by a committee called the National Citizens League for the Promotion of a Sound Banking System and I was called upon by Professor J. Lawrence Laughlin of the University of Chicago to help draft the bill that was later presented to Carter Glass as Chairman of the Committee on Banking and Currency in the House for introduction. I came to Washington with Professor Laughlin and worked with him before various committees and we finally succeeded in getting the bill enacted into law. Ever since that time I have been tremendously pleased to watch the way in which it carried out the hopes and views of those who sponsored it. I am sure that you will find a lot of pleasure in doing the work under that act.

With very kindest regards,

Sincerely,

Halter Myers

March 21, 1951

Dear Allen:

Thanks a lot for your good wishes. My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Allen Morgan
Executive Vice-President
The First National Bank
Memphis, Tennessee

THE FIRST NATIONAL BANK
OF MEMPHIS
MEMPHIS, TENN.

ALLEN MORGAN
EXECUTIVE VICE-PRESIDENT

March 16, 1951

Mr. William McChesney Martin
Assistant Secretary
Treasury Department
Washington, D. C.

Dear Bill:

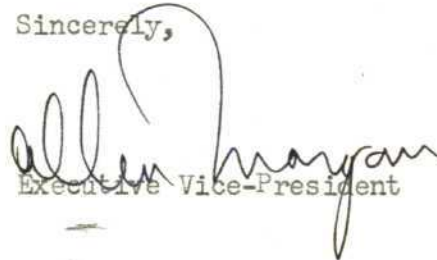
I don't know of any appointment ever made by President Truman which I am more happy to see than yours of yesterday.

I know you will do a wonderful job heading up the Federal Reserve and I am sure your appointment will have the acclaim of all the banking fraternities.

My good wishes for your continued success and here's hoping we have another tennis game before too many months.

With best regards, I am

Sincerely,



Allen Morgan
Executive Vice-President

AM:vh

Allen

March 21, 1951

Dear Mr. Meissner:

Thanks a lot for your good wishes.
My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Edwin B. Meissner
St. Louis Car Company
St. Louis
Missouri

EDWIN B. MEISSNER,
PRESIDENT & GENERAL MANAGER

"The Birthplace of the P. C. C. Car"

St. Louis Car Company

Cable Address "Car"

CITY PASSENGER CARS - BUSES - TRACKLESS TROLLEYS - TRUCKS
DIESEL-ELECTRIC RAILCARS AND LOCOMOTIVES
STREAMLINED TRAINS - STEAM RAILROAD COACHES AND FREIGHT CARS
SEATS, CURTAINS, TRIMMINGS AND GENERAL RAILWAY SUPPLIES
BRONZE, BRASS, GRAY IRON AND MALLEABLE CASTINGS - STEEL FORGINGS

St. Louis 15, Mo.,

March 16, 1951.

Dear Mr. Martin:-

St. Louis is delighted to note that you have again been so deservedly recognized by President Truman in being appointed Chairman of the Federal Reserve Board.

Congratulations to you and your family, and every good wish for your continued success.

Warm personal regards.

Sincerely,

Edwin Meissner
JEM

Mr. William McC. Martin, Jr.
c/o Treasury Department,
Washington, D. C.



Organized 1887
In Our Second Half Century

March 22, 1951

Dear Dave:

Thanks a lot for your good wishes.
My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Dave H. Morris, Jr.
Bank of New York and
Fifth Avenue Bank
48 Wall Street
New York, N.Y.

BANK OF NEW YORK AND FIFTH AVENUE BANK

48 WALL STREET, NEW YORK 15, N. Y.

March 16, 1951

Dear Bill:

Congratulations on the new position to which you have been appointed and to which I am sure you will be confirmed.

You have always done an outstanding job, and this honor is well deserved.

With best wishes for your ever continuing success and with kind regards I am, as ever

Very sincerely yours,



Dave H. Morris, Jr.

The Honorable William McChesney Martin, Jr.
Assistant Secretary of the U. S. Treasury
Washington 25, D.C.

March 30, 1951

Dear Juan:

How nice of you to take the trouble to write me, and I trust things are going well with you in Mexico.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. J. M. O. Monasterio
Londres 159
Mexico, D.F.

LONDRES 159

MEXICO, D. F

March 19th., 1951.-

Mr. William Mc.C. Martin, Chairman,
The Federal Reserve Board,
Washington, D.C. USA.

Dear Bill:-

News has just reached me of your appointment as Chairman of the Board of Governors of the Federal-Reserve System, and I hasten to convey to you and to the Country my congratulations.

What a happy choice this appointment is and, believe me, as an old friend I am proud of you. You have Federal Reserve blood in your veins and the example of your distinguished father will be an inspiration which will help you to shoulder your very heavy responsibility.

Again, Bill, my warm and affectionate congratulations.


Juan M.O. Monasterio.

JOM: sb.

THE SECRETARY OF DEFENSE
WASHINGTON

16 March 1951

Dear Martin:

I was delighted to see you nominated as the head of the Federal Reserve Board because I not only think you are admirably fitted for the job, but I feel even more strongly that you should have been in a top position in the government somewhere long before this. As a matter of fact, if they hadn't done something pretty soon we would have had you in the Defense Department.

Please accept my congratulations for the government with my great pleasure on seeing your high qualities recognized.

With warmest regards to Mrs. Martin and you.

Faithfully yours,

A handwritten signature in cursive script, appearing to read "J. Edgar Hoover". The signature is written in dark ink and is positioned below the typed name of the sender.

Honorable W. M. Martin, Jr.
Assistant Secretary of the Treasury
Washington, D. C.

*by hand
3/24*

March 31, 1951

Dear Sidney:

How nice of you to take the trouble to write me about my new job.

I was thinking about you just the other day when I lunched in Prospect House which, as you know, the Government now uses to entertain visiting firemen, and I think leases from the Forrestals Estate.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Sidney A. Mitchell
184 East 64th Street
New York, N.Y.

SIDNEY A. MITCHELL
184 EAST 64TH STREET
NEW YORK 21, N. Y.

March 16, 1951.

Mr. William McChesney Martin,
Under Secretary of the Treasury,
Washington, D.C.

Dear Bill:

I was delighted to read of your appointment as
Chairman of the Board of Governors in the Federal Reserve
System. I think both you and the Board are to be congratulated.

With best regards.

Sincerely yours,

Sidney Mitchell

March 31, 1951

Dear George:

Many thanks for the good wishes from my namesake.

I am delighted to hear of your fine progress and continue to feel us Martins must stick together.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. George Martin
328 N Oxford Street
Arlington, Va.

George Martin

328 N Oxford Street
Arlington, Virginia
20 March 1951

Dear Bill:

Congratulations again - headlines in the "Star" no less! Have managed to get to be Civilian Deputy of the Air Force Management Program at the Chief of Staff level (not Secretary's), but you're setting an awfully hard pace for your "namesake" to follow.

Sure glad to hear of your achievements Bill. Before long wouldn't be surprised if I'm not voting for you for the top job. Be delighted!

With best wishes.

Sincerely,

George

March 31, 1951

Dear George:

How nice of you to write me. I had already noticed that you were a public servant, and I am encouraged to know you are helping in this matter of Voluntary Credit Restraint.

I had a nice note from Finley, who seems to be doing very well with the Dow Theory these days.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. George S. Moore
Vice President
The National City Bank
of New York
New York, N.Y.

The National City Bank
of New York
ESTABLISHED 1812

New York 15, N. Y. March 15, 1951

CABLE ADDRESS "CITIBANK"

IN REPLYING PLEASE QUOTE

Mr. William McChesney Martin, Jr.
Assistant Secretary of the Treasury
Washington, D. C.

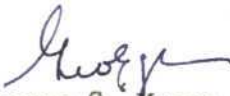
Dear Bill:

Warmest congratulations on your appointment as Chairman of the Federal Reserve Board. It gives me lots of comfort to know that the great responsibilities of that job are going to be in your capable hands.

I am a bit of a public servant myself these days. As a matter of fact I have been in the Fed the past two days serving on this Voluntary Credit Restraint Committee which is just getting under way. We are having another meeting on the 29th and hope I may have a chance to see you for a minute while I am in Washington for that day.

With congratulations and warmest best wishes, I am

Yours sincerely,


George S. Moore
Vice President

March 21, 1951

Dear Luis:

Thank you for your nice note about my new appointment.

I know you are doing a grand job in your present assignment and will look forward to seeing you from time to time.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

His Excellency
The Ambassador of Cuba
Washington, D. C.

EMBAJADA DE CUBA
WASHINGTON, D. C.

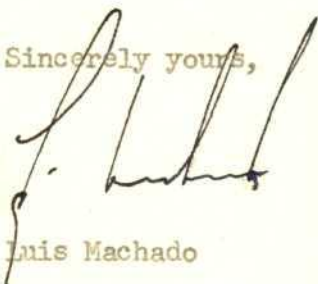
March 16, 1951.

Dear Bill:

I have just had the pleasure of reading of your appointment as Chairman of the Board of Governors of the Federal Reserve System, an office for which you are so eminently qualified.

Please accept my sincerest congratulations and the very best of wishes.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Luis Machado', written over the typed name below.

Luis Machado

Mr. William McChesney Martin Jr.,
Chairman,
Board of Governors,
Federal Reserve System,
Washington, D. C.

March 26, 1951

Dear Herb:

It was nice of you to write me about my new appointment, and I am glad you are sorry to see me leave the Treasury -- I, too, regret it and have enjoyed very much working with you.

My best to your wife and Mrs. Martin and I were recalling the other evening how nice you were in helping out with the Mexicans a year ago this time. We are having another Latin American Conference starting Monday, and we will all miss you.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. H. K. May
Treasury Attache
Embassy of the U. S.
Manila, Philippines



TREASURY DEPARTMENT
EMBASSY OF THE UNITED STATES
MANILA

March 19, 1951

Dear Mr. Martin,

Governor Cuaderno told me Saturday morning that you had resigned from Treasury to become Chairman of the Board of Governors of the Federal Reserve System. This was something of a shock to me and is certainly a source of considerable regret. It has been a great pleasure to work for you and I am very sorry to see you leaving us. On the other hand, I congratulate you and the Federal Reserve System on your new appointment. As you of course realize, I will always be at your service.

Sincerely,

Herbert K. May
Treasury Attache

Mr. William McC. Martin, Jr.
Chairman, Board of Governors
Federal Reserve System
Washington 25, D. C.

March 27, 1951

Dear Charlie:

Thanks a lot for your good wishes.

I will need a lot of advice and will
hope to see you from time to time.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Charles Maltby
Vice President
Lincoln National Bank
and Trust Co.
Syracuse, N. Y.

Lincoln National Bank and Trust Company
Syracuse, New York

C. H. MALTBY
VICE PRESIDENT

March 19, 1951

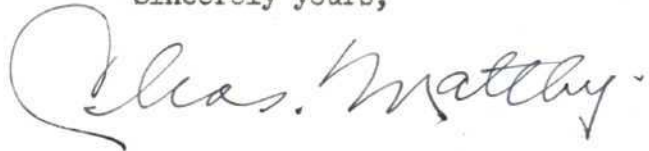
Mr. William McChesney Martin, Jr.
Board of the Federal Reserve System
Washington 25, D. C.

Dear Bill:

Though considerable time has elapsed since we last met, I have followed your career since the war years especially through mutual friends and the press. Naturally I was extremely pleased as were so many of your friends to learn that a young man of your ability and experience had relieved Tom McCabe. This extremely difficult post is one which I feel confident you can handle and in my book you are a natural for it. You are entitled to and I believe you will receive full support. Best wishes for a successful administration.

One of these days when in Washington I will hope to renew our acquaintance.

Sincerely yours,

A handwritten signature in cursive script that reads "C. H. Maltby". The signature is written in dark ink and is positioned below the typed name "C. H. Maltby".

CHM:CGM

March 26, 1951

Dear Gus:

Thanks a lot for your good wishes. My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. August Maffry
Vice President
Irving Trust Co.
New York, N.Y.

IRVING TRUST COMPANY
NEW YORK

AUGUST MAFFRY
VICE PRESIDENT

March 19, 1951

Dear Bill:

Please accept my heartiest congratulations on your appointment as Chairman of the Board of Governors of the Federal Reserve System. I have an idea that this is the post to which you were destined all along and the one in which you can make your maximum contribution to the general welfare. Everyone is sorry to see you leave the Treasury but delighted about this further step in your career of public service.

Sincerely,



Mr. William McChesney Martin, Jr.
Assistant Secretary
Treasury Department
Washington, D. C.

March 27, 1951

Dear Wilbur:

It was certainly nice of you to take the trouble to write me.

I have enjoyed very much our occasional visits and will look forward to seeing you from time to time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Wilbur Mace
Department of Commerce
National Production Authority
Washington, D. C.

DEPARTMENT OF COMMERCE

NATIONAL PRODUCTION AUTHORITY

WASHINGTON 25

OFFICE OF ADMINISTRATOR

March 20, 1951

Honorable Wm. McChesney Martin, Jr.
Assistant Secretary of the Treasury
Department of the Treasury
15th Street & Pennsylvania Avenue, N.W.
Washington 25, D. C.


Dear Bill:

You have gone and done it again. Greetings
to the new Chairman of the Federal Reserve Board!

Of all the Presidential appointments to
position of high responsibility, of which over the
years I have had any knowledge, few have been greeted
with greater acclaim and approval from those whose
judgement you would value.

Here's wishing you good luck, good health,
long service and the best of all things that are
good.

Sincerely,



Wilbur Mace

March 27, 1951

Dear Mr. Montor:

It was certainly nice of you to take the trouble to write me about my new post. It is a tough assignment, but I will do my best.

I do hope things are going well with you and that your problems will not prove too difficult.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Henry Montor
Vice President
American Financial
and Development Corp.
for Israel
New York, N.Y.



American Financial and Development Corporation for Israel

STATE OF ISRAEL BONDS

OFFICE OF
HENRY MONTOR
Vice-President

2 PARK AVENUE, NEW YORK 16
Telephone: OREGON 9-0404
Cable Address: BONDISRA

March 16, 1951

Mr. William McChesney Martin
Assistant Secretary of the Treasury
Treasury Building
Washington, D.C.

Dear Mr. Martin:

May I offer my good wishes on your nomination to the post of Chairman of the Federal Reserve.

It is a remarkable token of the esteem in which you are held by the entire country that your designation should be regarded universally as the most admirable solution of a very difficult problem for the country.

I wish you the strength and peace of mind to carry on in this great new post.

Sincerely yours,

Henry Montor
Vice-President

HM:BG

March 27, 1951

Dear Harold:

It was certainly nice of you to write me about my new assignment. I appreciate your good wishes and will certainly do my best.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Harold Moskovit
State President
Affiliated Young Democrats, Inc.
New York, N.Y.

"DEMOCRACY THROUGH YOUTH"

★ **Affiliated Young Democrats, Inc.** ★
OF NEW YORK STATEHAROLD R. MOSKOVIT
STATE PRESIDENTHOTEL PICCADILLY
227 WEST 45th STREET • NEW YORK 19, N. Y.Columbus 5-4450
Circle 6-6600

March 16, 1951

Joy McNamara
1st Vice-President

William D. Ribyat, Jr.
2nd Vice-President

Mary Fiorella
3rd Vice-President

Joseph R. Masters
4th Vice-President

Dr. John J. Sheehy
5th Vice-President

Max J. Feld
6th Vice-President

Michael Gurda
7th Vice-President

Lillian Rodin
8th Vice-President

Francis Martocci
9th Vice-President

Lawson Barnes
10th Vice-President

Francis J. Tierney
11th Vice-President

James G. Mutari
Financial Secretary

William T. Garvin
Asst. Fin. Sec'y

Ruth Hausman
Recording Secretary

Sophia Lee Hoffmann
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Asst. Legislative Rep.

Publicity

Harry Appel
Gloria Tilzer
Paul G. Jackson

Hon. William McChesney Martin, Jr.,
Assistant Secretary, Department of Treasury
Washington 25, D. C.

Dear Bill:

Heartiest congratulations upon your appointment as Chairman and Member of the Federal Reserve Board and I want to wish you loads of luck and success in said office, with best wishes in all your future endeavors.

Your splendid work in the past warranted this appointment and there is no doubt that the people of our country and the world will benefit by your future excellent work.

Kindest regards.

Sincerely,

hrm/b

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April 6, 1951

Dear Mr. Mangels:

Thank you for your cordial welcome
to the Federal Reserve System, and I
will look forward to seeing you.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. H. H. Mangels
First Vice Pres.
Federal Reserve Bank
of San Francisco
San Francisco, Calif.

FEDERAL RESERVE BANK OF SAN FRANCISCO
SAN FRANCISCO 20, CALIFORNIA

March 23, 1951

Dear Mr. Martin:

It is gratifying, indeed, to be able to welcome you back into the System, and to extend hearty and sincere congratulations on your appointment to the Board and your designation as its Chairman.

To you, also, go the best of good wishes for a successful administration and assurances of the fullest cooperation to maintain the highest possible standard of effectiveness and efficiency for the System.

Sincerely yours,

H. N. Mangels
H. N. Mangels,
First Vice President.

Mr. William McC. Martin,
c/o Treasury Department,
Washington, D. C.

April 6, 1951

Dear George:

I appreciated very much the nice note you wrote me from the Cosmos Club and was terribly sorry to hear you have been ill, and I do hope you have reached the Road to Wellville again, and I will hope to have another visit with you soon.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. George Fort Milton
~~Buffalo Evening News~~
~~Buffalo, N.Y.~~

*The Cosmos Club
Inch, N.C.*

COSMOS CLUB
WASHINGTON 5, D. C.

March 16, 1951

My dear Bill:

The President could have nominated for chairman of the Federal Reserve Board no more conscientious and able person than your good self. I congratulate the country rather than William McChesney Martin, on the position you are to assume. You have already shown such prescience in abating messes in Governmental problems that in your new role your informed judgment and action will undoubtedly be efficacious.

I congratulate the country on the nomination; with you at the helm, fiscally speaking, better days are here, and will continue as long as you handle the Federal Reserve Board Chairmanship.

As for myself, I've been in Washington for the last two months, for over half that time sick
(over)

2/

ahed. The medicos have however put me on "the Road to Welloville" again, and I'm shelling the woods to find a niche in the bureaucracy where my experience can prove of service to Uncle Sam.

Any suggestions you might make in this matter would be deeply appreciated.

Faithfully yours
George Fort Minton

Hon. William McChesney Martin,
Treasury Department,
Washington, D. C.

April 6, 1951

Dear Dr. Mann:

I certainly agree with you that it is a strange life, and I am afraid my academic serenity is now about to be pierced.

I did enjoy very much answering questions with you and was glad for the assistance as you handled them much better than I did.

I will look forward to visiting with you one of these days and appreciate your interest.

Sincerely yours,

Wm. McC. Martin, Jr.

Dr. F. K. Mann
Chairman
Department of Economics
and Business Administration
The American University
Washington, D. C.

THE AMERICAN UNIVERSITY

WASHINGTON 6, D. C.

SCHOOL OF SOCIAL SCIENCES AND PUBLIC AFFAIRS
1901 F STREET, NORTHWEST

STERLING 4940

March 16, 1951

Mr. William McChesney Martin
2865 Woodland Drive N.W.
Washington 8, D.C.

Dear Mr. Martin:

When, last December, in the Industrial College of the Armed Forces, you discussed with academic serenity the problems between the Federal Reserve System and the Treasury, we did not anticipate that working on a solution would soon become one of your major responsibilities. May I hope that, in your new position you will earn the fruits of the accord reached with your help. I don't think that the President could have made any better choice.

Sincerely yours,



Fritz Karl Mann
Chairman
Department of Economics and
Business Administration

FKM:ar

April 10, 1951.

Dear General:

How nice of you to take the trouble to write me. One of the happiest periods of my time in Washington was spent while I served under you in the Army. I am sure you know this but it is nice to have an opportunity to tell you again.

Mrs. Martin joins me in kind regards to you and Mrs. Malony, and I will hope that one of these days the world will quiet down sufficiently for you to get into the banking business as planned.

Faithfully yours,

Wm. McC. Martin, Jr.

General Harry J. Malony,
Office of the
Secretary of Defense,
Washington 25, D. C.

WMcCM:b



OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

9 April 1951

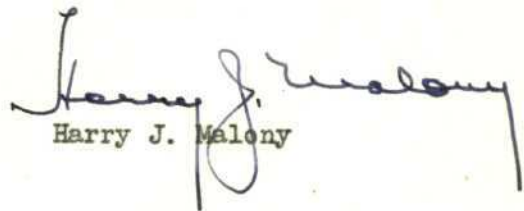
Dear Bill:

Please accept my congratulations upon your new appointment to head the Federal Reserve Board. While they are a bit belated, they are nevertheless very sincere. I am happy to realize that we have men of your ability and integrity available for such assignments.

With my very best wishes,

Very sincerely,

General


Harry J. Malony

Mr. William McC. Martin
Chairman, Federal Reserve Board
Washington, D. C.

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CHIEF OF BUREAU
APR 11 1951

April 11, 1951

Dear Mr. Matsumoto:

Thank you for your nice letter of April 10, and I am delighted to hear that Governor Ichimada arrived back in Tokyo safely.

It was a pleasure to meet him and you, and I will look forward to seeing you on some other occasion.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Shigeo Matsumoto
Representative
The Bank of Japan
New York, N.Y.

THE BANK OF JAPAN

TWENTY PINE STREET

NEW YORK 5, N.Y.

SHIGEO MATSUMOTO
REPRESENTATIVE

April 10th, 1951

Mr. William McC. Martin, Jr.
Chairman, Board of Governors
Federal Reserve System
Washington, 25, D. C.

Dear Mr. Martin:

We want to take this opportunity to congratulate you on your appointment as Chairman of the Board of Governors of the Federal Reserve System, and to wish you continued success in your work.

As you may know, Governor Ichimada, of The Bank of Japan, arrived safely in Tokyo after having had a most interesting and worthwhile trip in the United States. It is one that he will long remember.

Mr. Ichimada was very glad to have the opportunity of meeting you and he appreciates all the courtesies extended to him and his associates by members of the Treasury Department and the Federal Reserve System.

With kind regards, I am,

Sincerely yours,

Shigeo Matsumoto
Shigeo Matsumoto
Representative

sm:la

April 9, 1951.

Dear Mr. Muir:

I appreciate very much your nice letter of March 21 with respect to my new appointment, and am looking forward to your visit on April 19.

My father has often spoken of you and it will be a pleasure to work with you on our mutual problems.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Earl R. Muir, President,
Association of Reserve City Bankers,
Louisville Trust Company,
Louisville, Kentucky.

WMcCM:b

Association of Reserve City Bankers

PRESIDENT

EARL R. MUIR Louisville
President
Louisville Trust Company

VICE PRESIDENT

VICTOR F. ROTERING Minneapolis
Vice President
First National Bank

TREASURER

WILLIAM H. MILLER Chicago
Vice President
City National Bank & Trust Company

SECRETARY

JOSEPH J. SCHROEDER Chicago
105 West Adams Street

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105 WEST ADAMS STREET, CHICAGO 3, Tel. STate 2-7542

Louisville, Kentucky
March 21, 1951

Mr. William McChesney Martin, Jr.
Chairman
Board of Governors of the Federal Reserve System
Washington, D.C.

Dear Mr. Martin:

Please accept my congratulations upon your appointment and confirmation as chairman of the Board of Governors of the Federal Reserve System, and my very best wishes for a successful tenure of office.

Because of having been associated with your father in the Federal Reserve Bank of St. Louis for a period of fourteen years, I have followed your career with some interest, and I feel that you bring to the Federal Reserve Board a knowledge of the economic affairs of our nation and of the world, which will be of considerable help in meeting our economic problems as they arise from day to day.

The Association of Reserve City Bankers, as you may know, is composed of four hundred and fifty policy-making executives of the banks located in the central reserve and reserve cities of the nation, and they are always available to aid in solving the country's economic problems in a manner to preserve and expand the American enterprise system. If our Association can be helpful to you at any time, please feel free to call upon us.

Cordially,



President

April 9, 1951.

Dear Bill:

Thank you for your nice letter of March 16 extending your good wishes on my new appointment.

I have seen both Dick Wechsler and Frank Truslow recently and both seem to be doing well. I am delighted to hear that you now have your own firm and will hope to visit with you again one of these days.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. William Mulligan,
341 Madison Avenue,
New York 17, New York.

WMcCM:b

341 Madison Avenue
New York 17

March 16, 1951

Honorable William McChesney Martin, Jr.
United States Treasury Department
Washington, D. C.

Dear Bill:

Please let me congratulate you upon your appointment to be Chairman of the Board of Governors of the Federal Reserve System.

I sincerely believe and hope that you are on your way to the Presidency of the United States.

In the years since I have seen you I have also seen little of Dick Wechsler, although he is but around the corner from me on 44th Street, acting as counsel to the Tulip Paper Cup Company.

For some years I was in partnership with your classmate, Frank Truslow, until he became President of the Curb Exchange four years ago. I know Frank was ambitious to get the Presidency of the big board or of a large financial institution, and had to settle for an assignment to work in South America with Nelson Rockefeller.

Just a year ago I set forth on an enterprise in individual practice with associates from the Yale and Harvard Law Schools who had been assisting me at the old firm. Being next door to the Yale Club I can hope that you will hop in and say hello some day when you are going past the door.

With constant applause for your fine public service,

Yours sincerely,

Bill Mulligan

March 27, 1951

Dear Wilfred:

I have been reading your column regularly in the Commercial and Financial Chronicle so feel that I have kept in touch with you a little bit. It was certainly nice of you to write, however, and you will be interested to know that I mentioned my connection in Parker Willis' seminar in the course of answering a good many questions when I appeared before the Senate Banking and Currency Committee.

I will need a lot of advice in this new post and hope you will feel free to write me at any time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. A. Wilfred May
Executive Editor
The Commercial & Financial Chronicle
New York, N.Y.

Founded in 1839

The Commercial & Financial Chronicle

WILLIAM B. DANA CO., Publishers

25 PARK PLACE, NEW YORK 7, N. Y.

March 16th, 1951

Mr. William McChesney Martin, Jr.
Assistant Secretary Treasurer
U. S. Treasury Department
Washington, D. C.

Dear Bill:

My hearty and enthusiastic congratulations on your nomination to be Chairman of the Board of Governors of the Federal Reserve System!

Parker Willis surely would have been gratified.

* * * * *

Incidentally, I assume that the enclosed Treasury product has not come to your attention. It strikes me that since this was written the attractiveness of Savings Bonds has been further enhanced because of the insecurity injected in the holding of the open-market issues through the partial removal of pegging.

Sincerely yours,



A. Wilfred May
Executive Editor

AWM/to
Enc.

TREASURY DEPARTMENT
Washington

March 7, 1951

TO: State Women Chairmen

FROM: Nancy C. Robinson

Have you been hearing all sorts of wild statements attacking the good faith of the Government in selling Defense Bonds and telling their purchasers that they had been cheated by misleading promises? If so, you are not the only one, for ~~this~~ malicious and untrue propoganda has been steadily growing and unfortunately decoubt and distrust are easy to spread.

We have all fought this insidious menace to our national stability as earnestly as we have fought that other menace, the inflation that Bonds help to control. But we have not always known just how to use the facts we felt sure were true. Now comes a clear, detailed, expert analysis of the outstanding value of Bond investment by a writer on financial matters and published in a financial publication. The writer has no bias, no "cause", only the desire to present facts to his readers.

We are sending you reprints of two articles by A. Wilfred May, of the Commercial and Financial Chronicle. Please read them carefully. Every criticism of Defense Bonds as an investment is taken up, analyzed and disposed of beyond any possibility of counter-argument. Armed with these facts, figures and conclusions, you can meet any challenge along these lines.

Also, enclosed is a directive sent by Berniece P. Schneider, National Savings Bond Chairman of the Ladies Auxiliary of the Veterans of Foreign Wars, to key persons in that organization. Copies of this came just too late to enclose with the Last Round Robin. We knew you would all like to see it.

Observations . . .

By A. WILFRED MAY

IN DEFENSE OF DEFENSE BONDS

Prevalent Misconceptions About the U. S. Savings Program

(In two parts)

Part I—IS THE BUYER BEING CHEATED?

One of the important manifestations of this inflation "New Era" is the confused public discussion over the government's Savings Bond program. University economist, columnist, cartoonist, taxi driver, and show girl alike are charging the Treasury with perpetrating some fancy cheating (with connotations of deceit, fraud, hoax, swindle, subterfuge, lure, dishonesty, intentional perversions of the truth, etc.). The two main grounds for such indictment and for the demands for future additional guarantees, are (1) the reduction in the purchasing power of the dollars put into the Bonds and the assumption of its continuation, and (2) the inferior investment performance of the Bonds versus equities over the past 10 years.

Let us consider realistically:—(1) whether the investor in Savings Bonds has actually been "cheated" at all; (2) if so, whether the malfeasance is chargeable to the Treasury; (3) the prospective buyers' status; (4) justification of the demand for additional guarantees as the escalator technique, and (5) what relevant constructive economic policies should be adopted.



A. Wilfred May

The Hard-Boiled Advantages

The great affirmative investment advantages—wholly outside the realm of patriotism—have always been insufficiently recognized. There is complete absence of risk afforded by the full faith and credit of the U. S. The safety of principal and interest is unparalleled. The yield on the A-E bonds—3.3% annually or 2.9% on the basis of compounding semi-annually over the 10-year period—materially exceeds the return from even inferior obligations. This has represented as it still does, double the yield obtainable from savings banks, and exceeds by almost 50% the investment yield from life insurance policies.

A considerable tax-saving benefit is another privilege conferred on the holders of these bonds—additionally entailing a kind of windfall from succeeding taxation rises. All of the Bonds purchased before March 1, 1941 have been completely tax-free up to \$5,000 of holdings (with principal holdings above that amount subject only to surtax).

The Holder's Unique Option

But perhaps the greatest advantage to the Savings Bondholder exists in the continuing money-back option given under the full faith and credit of the United States Government—making of the bonds interest-bearing currency. Whereas the law permits even savings banks to delay deposit withdrawals for 60 days, the E-holder can get his money back any time (after 60 days following his purchase). The readers of this column particularly will appreciate the value of this privilege, unique in American finance. Instead of the usual heads-I-lose-tails-you-win arrangement of the corporate borrower having the option to terminate the contract through the call feature, here the lender holds the termination option, exercisable when his own or external conditions make it advisable. He is making a loan to the United States Government, with the option as to whether it is to be changed from long-term to short-term.

Incidentally, this blanket money-back option is unparalleled in world finance (certain counterparts in Britain and France being much more restricted).

None of our open-market government issues confer the call option to the holder. In the case of our Liberty Loans of World War One, the First Loan sold in 1917 was callable by the government (not the holder) any time from 1932 to 1947 and was actually called to take advantage of the cheapened money market in 1935; the Second Liberty Loan, issued Nov. 15, 1917, was callable by the government anytime between 1927 and 1942, and was actually called to the government's advantage in 1927; and the Fourth Loan, issued Oct. 24, 1918, was retired by successive government calls between 1933 and 1938.

"All This and Heaven Too?"

With the acknowledgment of these great advantages over the holders of savings bank deposits, insurance, and other fixed interest obligations, there remains the question whether the Savings Bondholder was or is entitled additionally to a guaranty against loss of purchasing power. First let us—with foresight rather than hindsight—examine the "plight" of the holders of the presently-maturing D-Bonds bought in 1941.

Of course their dollars have depreciated drastically, manifested in a 70% rise in the cost of living.¹ But there is nothing unprecedented about this, particularly during wartime.² In the decade 1910-1920, the cost of living more than doubled—rising from 68 to 143. The buyer of the Third Liberty Loan in May, 1918, received dollars worth 13% less at its maturity time of 1928.

Likewise over the longer-term have there habitually been wide swings in the value of the dollar, which were not surreptitiously kept hidden from the bond buyer of the early 1940s. During the first quarter of the century, 1900-1925, the purchasing power of the dollar fell by more than half, the cost-of-living rising from 58 to 125; during the second quarter-century the dollar's buying power has fallen less, namely by a quarter. In the earlier period bondholders lost 60% of the purchasing-power value of their dollars, but during the second period only 27%.

A Two-Way Street

It must also be borne in mind that during many intervals the holder of fixed dollar obligations has benefited from upward changes in its purchasing power. After World War I the 10-year buyer of 1920 would have gained 17% at his 1930 maturity date, the 1921 buyer 27%, and so on through the 1931 buyers.

Change in purchasing power being neither unprecedented nor a one-way street, it is difficult to discern the justification of using it as an argument to challenge the validity or equity of an otherwise fair contract.

Nor, going behind the quantitative measurements, are the recent and current expansionary credit policies of this Administration being sprung as something unprecedented. The present publicly-aired feud between the Reserve Board and the Treasury has advertised the Reserve's functioning as "an engine of inflation" in its supporting of the government bond market. But already in the early 1930s were the Reserve's open-market operations castigated by such as Carter Glass and Parker Willis, the Reserve Act's architects, as prostituting it into "the doormat of the Treasury." And present expansions of the money supply had their counterparts recurrently through the 1930s.

The Bonds Versus the Stock Market Lure

A kindred complaint being leveled against the Savings Bond program is that it has diverted the individual from more advantageous investment in common stocks. The intensity of this charge is seemingly bound up with the public's current excitement over the luring bull market. In its newly-arrived-at-equity-mindedness; the aversion to cash or fixed interest securities is entailing the baiting of trustees or advisers who utilize them.

But here again, in comparing past performance, selection of the period is vital. Of course, during the past decade's net price inflation, the stockholder has fared much better than the bondholder (cf. for ex., Howard Vultee's article on the cover of this issue of the "Chronicle").

On the other hand, there have been many 10-year periods

¹ Source—Cost of Living Index, Bureau of Labor Statistics.
² Statistical Abstract.

where the opposite has occurred. Even during wartime is this so. During the earlier years of World War II bonds registered a better performance than did stocks in both England and France. In England between September, 1939, and November, 1941—despite the general price inflation—while equities remained unchanged, Consols advanced 30% and industrial bonds by 8%.

Mr. Donald Kemmerer, Professor of Economics, University of Illinois, has compiled an interesting table (published in the "Chronicle" of Feb. 1, 1951, p. 24) tabulating the comparative 10-year performances of stocks versus bonds in terms of purchasing power changes. This shows that in 10 of the years from 1900 to 1940, a purchase in bonds would have been more advantageous even according to this criterion. Besides, the indictment of bond investment on the basis of hindsight performance of the averages, overlooks the many pitfalls in the way of successful results from common stock management attainable by the average individual.

That all is not so rosy in the equity world, is manifested by the long-term performance of the most popular stocks. The 20 most popular dividend-paying common stocks (selected on the basis of trading volume) between 1901 and 1936 suffered an average decline of 39%, one-half of the issues shrinking by 50% or more.³ From 1929 to the present, despite our current bull market, the Dow Jones Average still shows a net decline of 35%, and in the Standard and Poor's Composite Price Index (comprising one-third of all listed stocks in number, and 90% in market value) there has been an intervening fall of about 15%. Noting the actual equity-investing results obtained in the past by the experts, such as the investment trusts, here and abroad: can it be assumed that the lay saver could have surpassed these overall results?

In any event, the currently circulated demonstrations (often by self-interested sources) of the greater anti-inflation hedging functions of stocks, scaring the very wits out of our dollar-holding citizenry, are in effect misleading and dangerous. They are irrelevant to the question of the worth—past and future—of the Savings Bond, to either the small saver or expert investor. The Bonds have been useful to the former as a valuable instrument of his saving program; to the latter as an integral part of a diversified long-term portfolio.

Definitely—the buyer of U. S. Savings Bonds has NOT been cheated. This is wholly apart from the patriotic motive; any such personal satisfaction he derives constitutes "gravity."

A second instalment of this analysis of the Savings Bond program will appear in our column of next week, and will discuss whether blame for any shortcomings in the Bonds' past performance is chargeable to the Treasury; the status of prospective buyers; the current demands for additional guarantees; and relevant constructive economic policies.

³ Cf. "Condensed Summary Tables of Certain Active Securities for the Years 1901, 1910, 1919, and 1928 compared with 1936," published by Brown Brothers, Harriman & Co., New York, 1937.

Observations . . .

By A. WILFRED MAY

IN DEFENSE OF DEFENSE BONDS!

Prevalent Misconceptions About the U. S. Savings Program

In Two Parts—Part II

In our last week's column on the U. S. Savings Bond situation we inquired into the justification for the currently popular charge that the past buyers of the series A-D Bonds, which are now maturing, have been "cheated" by the Treasury in the following ways: (1) The intervening reduction which has occurred in the purchasing power of the dollars used in the purchase of the Bonds; and (2) the inferior investment performance of the Bonds versus equities.



A. Wilfred May

We pointed out that both these charges are based on hind-sight; that they have been two-way processes, depending on the time period cited; that the government's Treasury-Central Bank inflation and monetary expansion are by no means unprecedented; and that the disadvantages of the Bonds are being exaggerated amidst the inflationary psychology attending the current bull stock market. Furthermore we noted that the affirmative advantages of the Bonds—such as their unique vesting of the call feature in the holder rather than in the borrower—over other savings media including fixed-interest investments,

tend to be under-realized.

Let us now consider—the position of those presently buying new E Bonds or accepting the "extension" privilege about to be offered to the holders of matured certificates; merits of the demands for additional guarantees via "escalator" provisions; whether whatever defrauding has occurred is ascribable to the Treasury Department; and what relevant external remedial policies should be adopted.

In the first place, the enlarged investment advantages contemplated in the Treasury's proposed "extension" privilege should be noted. This would give the holder of matured bonds the option of holding them for another 10 years at an interest yield of 2.9% compounded semi-annually (3.3% un-compounded), at a 2½% yield if held for seven and one-half years, or cashing them sooner as a short-term loan at reduced interest rates; and the right to postpone any income tax payment on them until 1961. Also, they may be exchanged into series F or G.

De-inflation Hedge Feature

The prospective buyer of U. S. Savings Bonds must realize that they of course entail the disadvantages bound up with all fixed-interest savings media. But, insofar as he is an investor, he should consider them as part of a balanced over-all portfolio by all categories of holders. They can be looked on as a good hedge against a possible future deflationary cycle.

It seems to this writer that despite the public's prevalent concentration of attention on the present inflationary movement, there is little warrant for assuming the permanent disappearance of major downward movements at least interrupting a long-term upward trend. We must remember that, despite the many and varied inflationary influences in peace and war throughout the 1930s and '40s, it took a full 25 years for the dollar's purchasing power to sink back to its 1920 level. Surely still existing are chronically deflationary forces, such as the nation's enormous productive (overproductive in some fields) capacity, which would of course be accentuated during a possible reduction of the armament activities. In addition to the potentially enormous supply of goods and services available for civilian consumption (probably exceeding any period excepting 1948-1950), deflationary factors include increasingly heavy taxation, decreased purchasing power by the many "non-pressure-group-protected" groups in the community, restrictions on bank credit and other controls.

Actually—is that bet on a higher price level in 1961 so sure-shot?

Deficit Financing and the Price Level

Great misconception exists about the alleged act of deficit financing on the price level. Actually there has been little correlation evidenced between money-printing and the price level. The Treasury has had no cash deficit in the fiscal year 1950; nor amidst the inflation-hulla-baloo during the first half of 1951; and since 1949 there has been little expansion of bank credit. During the monetary expansion from 1937 through 1941 the cost of living index remained practically stationary (and common stocks declined almost one-half). Although the quantitative influences toward inflation may well remain, the direction of the controlling psychological factors may well be reversed.

As we pointed out in last week's column, there is nothing new about our Treasury interference with the Federal Reserve's functioning—this having been repeatedly warned against here during the 1920s and our deflationary '30s, following the disastrous experiences in Germany and France, and the Brussels Conference Resolution of 1920 and the Genoa Conference in 1922.

"Escalator Service" for Bondholders?

Let us now consider a proposal made that the government should offer, along with savings bonds, compensation at redemption to allow for any intervening loss of purchasing power. This proposition, advanced for some years now by Professor Sumner Slichter, is winning increasing approval amidst the public's current "inflation new era" and the emphasis on the amount of E Bonds being cashed-in.* (This device was in vogue at the end of the great German inflation, when bonds were floated, repayable in terms of the value of coal, wheat, or rye.)

In the first place, it must be realized that such an escalator clause would have to be a two-way provision—adjusting for declines as well as rises in the price level. A "gold clause" is not a one-way proposition; in this case such a protective device is particularly indefensible because of other affirmative investment advantages embodied in the Bonds. Even in dealing with powerful union labor, the escalator provision is two-way—at least nominally so.

Extending this gold clause-like device to Savings Bondholders would exceptionally favor a single investment medium. It would directly discriminate against the holders of the many other savings media; as deposits in mutual savings banks, shares in savings and loan associations (\$16 billion presently residing in our savings institutions), insurance policies, and other government obligations. All presently outstanding government along with other bonds would be severely harmed; and their further distribution rendered vastly more difficult. Private debtors would be unable to meet such competition of a guarantee provision, because of their inability to tax to recoup the cost thereof, or to protect themselves with equity assets to meet a rising price situation. (To the extent that they were able to shift out of fixed-interest assets, they would be adding to the present "inflation era scramble" into equities, and abetting the inflation panic over the dollar.)

"Escalator service" for bondholders would subsidize another special group at the expense of the rest of the community—which special privilege there is too much already—thus furthering rather than attacking, the basic causes of the inflation. And the more groups that the government exempts from the effects of inflation, the heavier will be the burden, through increased taxation and impaired purchasing power, on the unprotected and unsubsidized remaining groups.

Freezing the Inflation

This inclusion of ever larger segments of the community into protection from inflation underlines a vital objection to the escalator principle, namely the permanent cementing of the inflation trend into the economy; and if not actually giving the public a positive "stake" in inflation, at least removing the self-interested motivation for opposing it.

Going to the Roots Ex-Politics

Instead of putting more of the population on the escalator keeping pace with inflation, let us rather go to the root of the trouble. In prescribing what is to be done, we should realize that the remedial action must be taken on a broad front, and not merely promised on a concept of "Treasury-cheating."

The weapon of taxation should be used non-politically forthwith to curtail the great flooding of the spending stream with armament earnings leavened with the current buyers' scare psychology. To reduce spendable income wherever it is, tax policy must be removed from the political sphere, raising the imposts on lower and middle-income groups in lieu of relying on progressive "soaking-of-the-rich"; and obviously higher and much broader excise taxes should be imposed. Taxation must be used effectively to keep the demand for goods and services within the bounds of the available supply. In this anti-inflation area the Treasury has more responsibility for constructive action than in others, but it must be remembered that in tax as well as in spending and other policies, the controlling exigencies of politics dominate the Congress, the Executive, and practically every other government policy-maker.

The present shadow-boxing with non-defense spending should be stopped, and such outlays drastically curtailed. Here again the responsibility for excess cannot be laid at any single door. On the one hand, Senate Finance Committee Chairman George, Democrat of Georgia, this week accepts Mr. Truman's challenge by insisting that his budget for the coming emergency year can be cut \$5-6 billion without harm. Unfortunately, however, the Georges, the Byrds, and the Douglasses are far outnumbered by other Senators on both sides of the aisle, who only believe in economy for the other fellow, and block every effort at prudence wherever they have a self-interested voters' stake.

Increase of production undeniably is one of the basic effective weapons to keep down the price level and preserve the dollar's value. But the multitude of orders now emanating from Washington curbing the use of materials, the slaughtering of animals, and imports, surely are not aiding a production upsurge.

Controversial as the subject may be, still the conclusion seems incontrovertible that "scare-buying" gives an artificial lift to the price level via "borrowing from the future." And surely Washington's long string of pronouncements have given a 100% push in this direction—viz. the successive statements about imminent shortages, the dire need for price ceilings, and statements such as Administrator Di Salle's current statistically pin-pointed prediction of a further 5-6% price rise by mid-year.

Neither the Treasury, nor the Congress, nor anyone else, should be complacent over policies which further dollar depreciation—undermining the holders of all savings media, as well as the Treasury's obligations. Perhaps nothing short of full and continuing gold convertibility—with "gold discipline counteracting human frailty—can do the trick.

Pending accomplishment of the needed economic reform, the Savings Bond constitutes the citizen's best savings medium, and one of several useful instruments for the investor.

*The significance of the current E-bond redemption figures is generally exaggerated—particularly in relating them to concurrent sales. They should be related with equal emphasis to the aggregate of Bonds outstanding. Redeeming will normally tend to rise with the increasing size of the "pool" available for that purpose.

March 30, 1951

Dear Mr. Marks:

Thank you for your nice note of March 16. I appreciate your good wishes and have read the circulars with a great deal of interest.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Carl Marks
Carl Marks & Co., Inc.
50 Broad Street
New York, N.Y.

CARL MARKS & Co. INC.

Foreign Securities Specialists

50 BROAD STREET

NEW YORK 4, N.Y.

TEL. HANOVER 2-0050

CABLES—"CARLMARKS"

TELETYPE: N. Y. 1-971
AFFILIATE—CHICAGO, ILL.

March 16, 1951

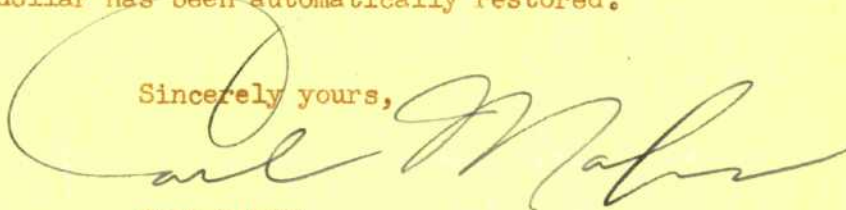
Mr. William McChesney Martin, Jr.
Assistant Secretary of the Treasury
United States Treasury Department
Washington, D. C.

Dear Mr. Martin:

Sincere congratulations on your appointment to Chairman of the Federal Reserve Bank Board. It is a great pleasure to watch you "grow".

I am enclosing two circulars, of the many I received, in the hope that they will prove interesting. I should also like to inform you that the general opinion in the street is that a STRONG man has taken firm hold of the chairmanship of the Federal Reserve Board and a great deal of confidence in the dollar has been automatically restored.

Sincerely yours,



CARL MARKS

CM:JC

April 5, 1951.

Dear Craig:

Many thanks for your good wishes.

Cordially,

Wm. McC. Martin, Jr.

Mr. Craig Miller,
2021-A Park Avenue,
Richmond, Virginia.

CRAIG MILLER

601 CARLTON TERRACE APARTMENTS
920 SOUTH JEFFERSON STREET
ROANOKE 13, VIRGINIA
TELEPHONE 9498

April 3, 1951

Mr. William McChesney Martin
Federal Reserve Bank
Washington, D. C.

Dear Bill:

Congratulations on your appointment to very high office.

Sincerely yours,

Craig Miller
CRAIG MILLER

2024-A Park Ave

March 30, 1951

Dear Governor:

It was certainly nice of you to take the trouble to cable me your good wishes and welcome me into the central banking fraternity.

I will look forward to continuing our pleasant relationship.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Honorable Donato Menichella
Governor of the Bank of Italy
Rome
Italy

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HON WILLIAM MCCHESENEY MARTIN JR

US TREASURY

I LEARN THAT YOU HAVE BEEN DESIGNATED AS CHAIRMAN OF THE
FEDERAL RESERVE BOARD STOP THE KNOWLEDGE OF YOUR
ACCOMPLISHMENTS AND MY FEELINGS OF GRATITUDE FOR UNDERSTANDING
YOU SHOWED FOR THE PROBLEMS OF MY COUNTRY IN YOUR PREVIOUS
POSITIONS ARE TO ME SPECIAL REASONS FOR SINCERELY CONGRATULATING
YOU ON THE OCCASION OF YOUR ASSUMPTION TO THE HIGHEST
POSITION OF RESPONSIBILITY IN THE WORLD OF CENTRAL BANKS STOP PLEASE
ACCEPT MY BEST WISHES FOR YOUR FUTURE ACTIVITY AND
MY KINDEST REGARDS

DONATO MENICHELLA GOVERNOR BANKITALIA.

812A

March 30, 1951

Dear Harry:

How nice of you to write me! I always have a warm spot for you in my heart because you were so kind when I went in the Army, and I enjoyed so much the evening I spent with you at your house, now my house, and we couldn't be happier in it!

I will certainly look forward to seeing you.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. H. S. Morgan
2 Wall Street
New York, N.Y.

2 Wall Street
New York 5

March 16, 1951.

Dear Bill:

Just a line to take you my best wishes on becoming Chairman of the Board of Governors of the Federal Reserve System. I look forward to being in Washington before too long and shall take the opportunity of coming to pay my respects.

With warm regards, I am

Yours faithfully,



H. S. Morgan.

William McChesney Martin, Jr., Esq.,
Assistant Secretary of the Treasury,
Washington, D. C.

March 30, 1951

Dear Mr. Miller:

It was very nice of you to take the trouble to write me, and I think it will be fine for you and me to have another ooke together!

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Melvin Miller
The American Bankers Association
12 East 36th Street
New York, N.Y.

THE AMERICAN BANKERS ASSOCIATION

TWELVE EAST THIRTY-SIXTH STREET

NEW YORK 16, N. Y.

16 March 1951

Dear Mr. Martin:

It was a pleasure to read of your being appointed Chairman of the Board of Governors of the Federal Reserve System. Please let me send you my heartiest congratulations and best wishes on this recognition of your fine ability.

Perhaps we should drink to your success with a couple of cokes as we did in Pittsburgh one night.

With best wishes,

Sincerely yours,

A handwritten signature in cursive script, reading "Melvin L. Miller". The signature is written in dark ink and is positioned above the typed name and title.

Deputy Manager

Mr. William McChesney Martin, Jr., Chairman
Board of Governors of the Federal Reserve System
Washington, D. C.

March 30, 1951

Dear Chester:

How nice of you to take the
trouble to write me!

Dad has always had a high re-
gard for you, and I will try to
justify your confidence.

I will hope to see you occasion-
ally.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Chester Morrill
3908 Ingomar Street, N.W.
Washington, D.C.

CHESTER MORRILL
WASHINGTON, D.C.

March 20, 1951.

Dear Bill:

Although I cannot help but regret very greatly the departure of Tom McCabe, I wish to be counted among those who sincerely feel that the System is fortunate in your selection as his successor. It is unique and I am sure that your father will be very proud. I hope that you will be able to remain with the Board long enough to revive and strengthen the purpose of its founders, who sought by long terms and spaced appointments to build up a continuity of experience and policy that would survive the vicissitudes of changing conditions, and to justify the hope that it would become the "supreme court of finance".

With my very best wishes for your success, I am

Sincerely yours,

Chester Morrill

Hon. William McChesney Martin, Jr.

*3908
J. J. Martin, Jr.
March 21, 1951*

March 30, 1951

Dear Mr. Martin:

I salute another Martin! It is certainly nice of you to take the trouble to write me.

I do hope you will realize your desire to work in the Latin American Economic field. It is one of the most important from the standpoint of this country these days.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Fred A. Martin
1619 Massachusetts Avenue, N.W.
Washington, D.C.

1619 Mass. Ave., N.W.
Washington, D.C.
March 15, 1951

My dear Mr. Martin:

Permit me to congratulate you, Sir, on your appointment as Chairman of the independent Federal Reserve Board.

To introduce myself, I am also a Martin, and, to add coincidence, a graduate of Geo. Washington Univ. (1948) with the A.B. in International Economics. Unfortunately, I never found the opportunity to enter my chosen field in Government Service, for the past two years I've been Assistant District Sales Promotion Supervisor (5-State area) for a world-wide industrial concern. Two weeks ago, due to the Defense Mobilization Program, my position was abolished, therefore, I'm intent upon trying

to place myself in a niche
 in Government, aligned with
 my college training and
 interests. NPH is considering
 me, and, to my favor, as
 I am a World War II veteran,
 I've managed to accrue super-
 visory business experience at
 27 years old. Possessing facility
 in both Spanish and Portug-
 uese my ultimate aim, of course,
 is to become associated with
 Latin American economic relations.

The complexities of today's
 economic factors are certainly
 a challenge, and, without being
 presumptuous, it is natural
 that I should feel a certain
 pride when a Martin is
 so honored.

Respectively,
 Fred A. Martin

1619 Mass. Ave., N.W.
Washington 6, D.C.

16 de febrero de 1951

Dr. Rafael Picó,
Quinta de Planes,
Parada 22, Avenida Ponce de León,
Sancti Spiritus, Puerto Rico

Señor:

March 30, 1951

Dear Ray:

How nice to hear from you again,
and I do hope you are happy with the
National Association of Securities Dealers.

Wallace Fulton is a good friend of
mine, and I am sure he must be a nice
fellow to work with.

Will certainly look forward to seeing
you from time to time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Ray Moulden
National Association of
Securities Dealers, Inc.
1625 K Street, N.W.
Washington, D.C.

National Association of Securities Dealers, Inc.

1625 K STREET, N. W.

Washington 6, D. C.

HOWARD E. BUHSE
Chairman

SAMPSON ROGERS, JR.
Vice Chairman

WARREN H. CROWELL
Vice Chairman

CHARLES H. PINKERTON
Treasurer

WALLACE H. FULTON, *Executive Director*

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RAY MOULDEN, SECRETARY
1625 K STREET, N.W., WASHINGTON 6, D. C.

GEORGE S. MCEWAN CHICAGO
WILLIAM F. SHELLEY BOSTON
ALBERT W. TWEEDY BOSTON
JOSEPH E. WELCH PHILADELPHIA

NEW YORK

March 26, 1951

Mr. William McChesney Martin, Jr.
Assistant Secretary of the Treasury
Department of Treasury
Washington, D. C.

Dear Bill:

I have just returned from a short vacation to learn of your nomination as Chairman of the Board of Governors of the Federal Reserve System.

Your selection is such a natural one that the only surprise is that it was not made sooner. I cannot imagine a happier choice, nor one more able to handle the complexities that face the Reserve Board and the Treasury.

It is a real pleasure to congratulate you and more particularly the country on this most excellent choice. It could not happen to a nicer guy.

With every good wish for a successful administration, I am,

Sincerely yours,



Ray Moulden

March 30, 1951

Dear John:

How nice of you to take the
trouble to write me, and I do hope
that you and I and the Weavers can
get in some tennis!

My best as always,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. John M. Meyer, Jr.
23 Wall Street
New York, N.Y.

March 26.

23 WALL STREET

Dear Bill -

a name correctly

Dear Mr. Chairman -

This is a belated
but none the less sincere
note of congratulations -
not only to you but to
the Federal and all
its member banks.

In very humble
Ominis the Federal

and our country's
banks have done
themselves "proud."
Good for you!

The best of luck in
your new venture and
if on occasion you
feel I could be a bit
helpful to you please
let me know.

Some time, before

next summer at least.

I hope to see you -
perhaps you, Bill
Werner and my self
can review our
struggles as a
tennis court.

With my congratulations
and best wishes, believe
me,

Sincerely yours,

Philo W. Meyer.

March 30, 1951

Dear Finley:

My best to all the old gang,
and I certainly appreciate your tak-
ing the trouble to write me.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Finley McElroy
A. C. Edwards and Sons
St. Louis, Missouri

A. G. Edwards & Sons

ESTABLISHED 1887

Members New York Stock Exchange

409 NORTH EIGHTH STREET
SAINT LOUIS
CENTRAL 4744

March 15, 1951

Mr. William McChesney Martin
c/o United States Treasury
Washington, D. C.

Dear Bill:

Just got a call from your old secretary, Peggy,
who tells me that she sees on the news ticker that
you have been appointed head of the Federal Reserve
Board. Congratulations and best wishes!

Finley

March 27, 1951

Dear Jim:

I appreciate very much your good wishes on my new assignment, and will hope to see you soon.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. James McManmon
University Club
Boston
Massachusetts

*University Club 3434
Boston*

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WM MCCHESENEY MARTIN

ASST SEC OF TREASURY WASHDC

I HAVE THE GOOD NEWS AND IT MAKES ME VERY HAPPY STOP YOU
HAVE MY MOST SINCERE BEST WISHES I HAVE NO DOUBTS OF THE
SUCCESS

JIM MCMANMON

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March 31, 1961

Dear Mac:

How nice of you to write me and I do hope we can have a visit again when you get to Washington. You are always welcome to a room at the house you know, and I never forget the many talks we had in the old days of the Exchange.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. S. H. McCormack
Senior Associate Editor
The Wall Street Journal
New York, N.Y.

THE WALL STREET JOURNAL

DOW JONES & COMPANY, Inc.
PUBLISHERS

44 BROAD STREET
NEW YORK 4, N. Y.
March 15, 1951

Mr. William McChesney Martin
Treasury Department
Washington, D.C.

Dear Bill:

I am more than pleased to learn today that you are to be the new Chairman of the Board of the Federal Reserve System. Best wishes in what I know will be a most interesting job for a man of your talents.

Best regards,

Mac

B. H. McCormack
Senior Associate Editor

BHMcC:km

March 26, 1951

Dear John:

Thanks a lot for your good wishes,
and I will look forward to seeing you
from time to time here in Washington if
not in Boston.

Cordially yours,

Wm. McC. Martin, Jr.

Mr. John C. McClintock
United Fruit Co.
Boston, Mass.

UNITED FRUIT COMPANY

GENERAL OFFICES, 80 FEDERAL STREET

BOSTON 10, MASSACHUSETTS

ARTHUR A. POLLAN
EXECUTIVE VICE PRESIDENT

KENNETH H. REDMOND
ASSISTANT EXECUTIVE VICE PRESIDENT

March 19, 1951

Mr. William McC. Martin, Jr.
Chairman of the Federal Reserve Board
Federal Reserve Board
Washington, D. C.

Dear Bill:

I was delighted to read the announcement of your appointment as Chairman of the Federal Reserve Board in the New York Times and congratulate you on this very important assignment. It is certainly a most challenging one, and I know that you will do a splendid job in your new position.

I did not know until I read your autobiography in the Times that your father was one of the fathers of the Federal Reserve Bill, and it must feel pretty good to carry on what he started.

Warmest personal regards.

Sincerely,



John C. McClintock

March 27, 1951

Dear Harry:

Thanks a lot for your good wishes. My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

With kind regards.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Harry A. McDonald
Chairman
Securities and Exchange
Commission
Washington, D. C.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON 25, D. C.

March 20, 1951

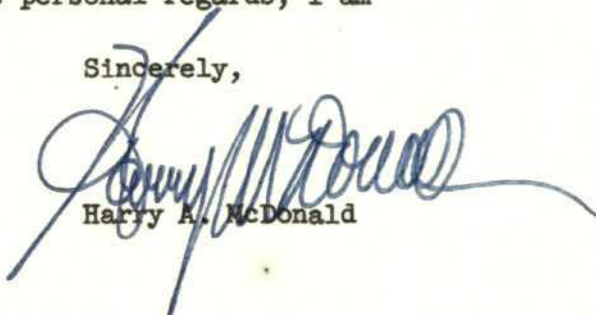
OFFICE OF THE CHAIRMAN

Dear Bill:

Congratulations upon your selection to that most important post of Chairman of the Federal Reserve Board. I know you will turn in a brilliant performance.

With best personal regards, I am

Sincerely,

A handwritten signature in blue ink, appearing to read "Harry A. McDonald", written over the typed name below.

Harry A. McDonald

Mr. William McChesney Martin, Jr.
Assistant Secretary
Department of the Treasury
Washington 25, D. C.

March 27, 1951

Dear Phil:

Thanks a lot for your nice note. I hope you are having a good trip and will look forward to seeing you from time to time.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Phillip M. McCullough
332 South Michigan Avenue
Chicago, Illinois

*Room Eighteen sixty
Three thirty-two South Michigan Avenue
Chicago 4, Illinois*

At Barranquilla
March 18, 1951.

Hon. Wm. McC. Martin
Washington, D. C.

Dear Bill:-

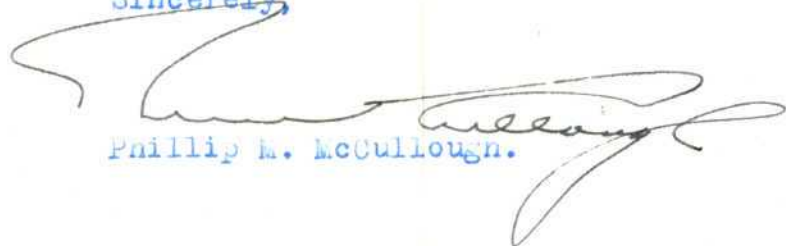
Your selection to head the Federal Reserve Board is a well deserved honor. You have my congratulations on this further recognition of your capabilities. It could not come as a surprise to your friends as we have known them for many years.

You have no idea how much confidence is generated by having one like you in a spot like that.

Again my congratulations and be sure that I shall call you when I am next in Washington.

With kindest personal regards, I am

Sincerely,

A handwritten signature in dark ink, appearing to read 'Phillip M. McCullough', with a large, sweeping flourish extending to the right.

Phillip M. McCullough.

March 30, 1951

Dear Arthur:

It was certainly nice of you to take the trouble to write me, and I appreciate very much your good wishes.

I will look forward to visiting with you from time to time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Arthur W. McCain
Vice Chairman
Board of Directors
The Chase National Bank
New York 15, N.Y.

The Chase National Bank

OF THE CITY OF NEW YORK

NEW YORK 15, N. Y.

ARTHUR W. MCCAIN

VICE CHAIRMAN BOARD OF DIRECTORS

March 16, 1951.

Dear Bill,

It was with a great deal of pleasure that I read of your nomination by the President as a member and Chairman of the Federal Reserve Board.

At a time when there is such widespread disagreement on what the board's policies should be, and when a decision on policy might have serious effect upon the future financial and economic condition of our country, we all realize what a difficult and demanding post you are taking over. I am delighted, however, that this job is being placed in your hands and am quite confident that you have the judgment and the character to handle it the way it should be done for the best interests of the nation as a whole.

With heartiest congratulations upon the great honor accorded you, and with best wishes for an outstanding success in the new post, I am

Sincerely,



Mr. William McChesney Martin, Jr.
Chairman, Federal Reserve Board
Washington, D. C.

April 5, 1951

Dear Bob:

It was nice of you to take the trouble to write me. I will need a lot of luck in my new assignment and will hope to visit with you from time to time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. R. K. McConnaughey
Shea, Greenman, Gardner
& McConnaughey
Walker Building
Washington, D. C.

SHEA, GREENMAN, GARDNER & McCONNAUGHEY
WALKER BUILDING WASHINGTON 5, D. C.

March 16, 1951

Dear Bill:

My sincerest congratulations on your nomination as Chairman of the Federal Reserve Board and my very best wishes to you in connection with the preliminaries with the Senate and in carrying out the great responsibilities that will fall upon you as Chairman of the Board. I think it's a swell appointment and I wish you the best of luck.

Sincerely yours,



Robert K. McConnaughey

Honorable William McChesney Martin
Assistant Secretary of the Treasury
Washington, D. C.

April 6, 1951

Dear Colonel:

I can assure you the new pitcher needs a lot of cheering from the fan in the bleachers.

I couldn't agree with you more about the seriousness of the current situation and think it is going to be very difficult for us to keep our feet on the ground.

Incidentally, the house you were good enough to sell us has lived up to your recommendation completely, and we couldn't be happier.

My best to Ross Magill, Elec Henderson and Ross Gilpatric, all of whom are friends of mine in your firm.

Kind personal regards,

Sincerely yours,

Wm. McC. Martin, Jr.

Col. Alfred McCormack
Cravath, Swaine & Moore
New York, N.Y.

CRAVATH, SWAINE & MOORE

15 BROAD STREET
NEW YORK 5

TRANSPORTATION BUILDING
WASHINGTON 6, D.C.

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ROSWELL MAGILL
A. I. HENDERSON
W. DWIGHT WHITNEY
ALFRED MCCORMACK
CARLYLE E. HAW
EDWARD S. PINNEY
ROSWELL L. GILPATRICK
THOMAS A. HALLERAN
L. R. BRESLIN, JR.
ALBERT R. CONNELLY
GEORGE B. TURNER
FRANK H. DETWEILER
GEORGE G. TYLER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
FREDERICK S. BEEBE

NEW YORK

March 16, 1951

Dear Mr. Martin:

For the new pitcher from a fan in the bleachers:

From where I sit it is impossible to understand the complacency in government circles, and pretty generally also in business circles, toward the progressing inflation. It has already destroyed billions of accumulated savings, we seem to have done nothing effective to stop it or slow it up, and we are committed to policies that make further inflation very difficult to stop.

As you go into your new job, which I know you will do with your usual competence, I venture to express the hope that you will succeed in impressing on the Administration the seriousness and immediacy of this problem and the terrible consequences that a continuation of the present trend could bring about.

With all good wishes,

Sincerely yours,

Reginald H. Conant

William McChesney Martin, Jr., Esq.,
2861 Woodland Drive, N.W.,
Washington, D. C.

MM

April 6, 1951

Dear Norbert:

It was nice of you to take the trouble to write me about my new job, and I am glad to hear you had a successful trip to South America.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. N. A. McKenna
Reynolds & Co.
120 Broadway
New York, N. Y.

Reynolds & Co.
120 Broadway
New York 5, N. Y.

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NEW YORK COTTON EXCHANGE

TELEPHONE WORTH 4-6700

March 27, 1951

Hon. William McC. Martin
Asst. Secretary of the Treasury
Washington, D. C.

Dear Bill:

I just got back from South America after a very successful time. I am sure you will be pleased with the work I did in connection with an individual project there, as I think it can do nothing but improve our relations with Brazil.

The real purpose of this letter is to congratulate you on becoming the Chairman of the Federal Reserve Board. Everybody I have talked to in our business and in deposit banking, too, is enthusiastic that a man of your ability and high purpose has been appointed to such an important post. I wish you the most of success in it and the best of health.

Faithfully yours,



NORBERT A. MCKENNA

NAM:DM

April 10, 1951.

Miss Mildred F. McChesney,
Supervisor of Social Studies,
The University of the
State of New York,
The State Education Department,
Albany 1, New York.

Dear Miss McChesney:

Thank you for your nice letter about my middle name. I am sorry to say that I have never been able to trace the origin of it, other than that my forebears probably came from Scotland, and I am told by one of my cousins in St. Louis that we are roughly one-eighth Irish and seven-eighths Scotch. There is a McChesney in Chicago whom I have met several times but we agreed that our relationship, if any, was extremely distant. I am sorry to have so little information on the McChesney line, but I am very glad to know of another McChesney.

I am sure your work must be most constructive as Supervisor of Social Studies in The University of the State of New York. It was nice of you to write.

Sincerely yours,

Wm. McC. Martin, Jr.

WMcCM:b

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
ALBANY 1

DIVISION OF SECONDARY EDUCATION
HARRISON H. VAN COTT, DIRECTOR

BUREAU OF INSTRUCTIONAL SUPERVISION
ERNEST A. FRIER, CHIEF

ART. VINCENT J. POPOLIZIO, ACTING
ENGLISH, GEORGE W. NORVELL
GENERAL, MARY E. HAYES
GENERAL, ROBERT E. PARKER, ACTING
GENERAL, ANTHONY E. TERINO
GENERAL, DEXTER G. TILROE

MATHEMATICS, F. EUGENE SEYMOUR
MODERN LANGUAGES, ROY E. MOSHER
MUSIC, RUSSELL CARTER
SCHOOL LIBRARIES, ANNA C. KENNEDY
SCIENCE, HUGH TEMPLETON
SOCIAL STUDIES, MILDRED F. MCCHESENEY

March 19, 1951

Mr. William McChesney Martin Jr.
Assistant Secretary
United States Treasury
Washington, D. C.

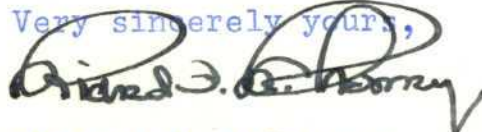
Dear Mr. Martin:

I am not writing to secure a job, to complain about inflation-though in your new position you will have opportunity to deal with that problem-nor to ask for souvenir Treasury notes. Rather, I am interested in your middle name, which interest will be explained if you will let your eye travel to the signature on this letter.

Since the time you were made president of the stock exchange and I saw your name in the papers, always with the middle name written in full, my curiosity has urged me on to write you. When the announcement appeared in the New York Times last week that you had been nominated by the President to be chairman of the Federal Reserve Board, I finally decided to write to congratulate you - on behalf of the McChesney side of the family!

In recent years I have become increasingly interested in my ancestry and in families bearing this name. (It's a rather uncommon one in these parts now). About 1730 Edward McChesney came to this country and settled where I now live - a small town a few miles east of Troy, New York. He had eight sons - which accounted for the town's soon being half populated with McChesneys. The "line" of which I am a descendant stayed on and now my family, with one exception, is the last one bearing that name, and I have no brothers. A cousin is a lawyer in Troy.

About a hundred years ago some of the family moved west to the Chicago area. I am wondering whether you might belong to that branch of the family. I believe I read that you are from St. Louis, where your father was formerly president of the Federal Reserve Bank.

Very sincerely yours,


Mildred F. McChesney
Supervisor of Social Studies

MFM:md

April 10, 1951.

Dear George:

I appreciate very much your taking the trouble to write me about my new post, particularly after the hard trip you must have had in the Near East. I will look forward to seeing you shortly.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. George C. McGhee,
Assistant Secretary of State,
Washington 25, D. C.

WMCM:b

ASSISTANT SECRETARY OF STATE
WASHINGTON

April 4, 1951

Dear Bill:

I returned from a trip to the Near East just in time to read about your appointment as Chairman of the Federal Reserve Board of Governors. This is a well-deserved honor, Bill. My heartiest congratulations!

Sincerely yours,

G. C. McGhee
George C. McGhee

The Honorable
William M. Martin, Jr.,
Chairman,
Federal Reserve Board,
Washington, D. C.

Apr. 26
Lantern

Easter Sunday
1951

THE RIVER CLUB

52ND STREET AND EAST RIVER

NEW YORK 22, N. Y.

Dear Bill:-

Once again I write
a dear friend, whom I
seldom see, but often
think about to con-
gratulate on his suc-
cess in gaining another
rung upward on his
glorious career. I'm so
proud of you, and so
happy, and recall that

trimmed 24 year old
Stan Bumbough in the
club tournament to
enter the semi-finals.
For a sixty year man
that's not too bad. I
can just see you smile
as you read this.

Have thoughts
about marrying again
but my love for my
darling Martha was much

Martha always envisioned
that one day you'd
be President of the
United States.

Now I feel you'd
like to know about
what gives with me.

I'm solvent, and still
on the curb and happy.
Doesn't take much money
to keep me going now.

My tennis Bill - I loath
snagging B.U.T. I

too (seep to permit
that, so I live to
the day when I'll join
her in Heaven.

Cynthia sure must
be proud of her Bill
and also the kids.

On this beautiful
day of hope I hope God
showers down on you and
your family His choicest
blessings.

Faithfully,
Jack (M.D.)

46 William Street
New York 5

Apr 26

March 29, 1951

William McChesney Martin, Jr., Chairman
Federal Reserve System
Washington, D.C.

Dear Mac:

I just want to extend to you my very heartiest congratulations on your being named head of the Federal Reserve System. That is not only a position of great responsibility but one also of great influence on the welfare of the people of the United States. I think you will be able to measure up fully to this responsibility and I just want to wish you every success in doing so.

With very highest personal regards, and very best wishes for your future success, I beg to remain,

Yours sincerely,

C. S. McCain

Charles S. McCain

April 10, 1951

Dear Paul:

How nice of you to take the trouble to write me. Needless to say, our association has been equally pleasant for me and the work you do in connection with the drives for charity is constructive in every way.

I feel that my leaving the Treasury will in no way interfere with my relationships, and I will look forward to seeing you from time to time.

With all good wishes,

Sincerely yours,

Wm. McO. Martin, Jr.

Mr. Paul McDonald
Director of
Administrative Services
Treasury Department
Washington, D. C.



TREASURY DEPARTMENT
WASHINGTON

DIRECTOR OF
ADMINISTRATIVE SERVICES

March 27, 1951

Dear Mr. Martin:

Heartiest congratulations on your most recent accomplishment! While everyone with whom I have discussed the matter in the Treasury Department sincerely regrets your loss by the Department, we are all pleased that you have been so highly honored on another occasion.

Your appointment by the President and the prompt approval by the Senate to become Chairman of the Federal Reserve Board stand as the highest tribute to your outstanding character and integrity.

The privilege which I have had to be associated with you in the Treasury, even though briefly, will stand out as one of the highlights of my experience in Government. I shall always be proud of the opportunity I have had to work with you in connection with some of the Treasury Department's drives, such as Red Cross, Metropolitan Police Boys' Club, and National Symphony Orchestra.

May I wish for you the very best at the Federal Reserve Board. I think you already know that if at any time I can do anything to assist, I will be very pleased to do so.

With kindest personal regards, I am

Sincerely yours,

A handwritten signature in blue ink that reads "Paul McDonald".

Honorable Wm. McChesney Martin, Jr.

Assistant Secretary of the Treasury

April 10, 1951

Dear Mr. McKlwee:

I appreciate very much your nice note congratulating me on my new job, and I am particularly pleased to hear from Lexington, Virginia.

You doubtless knew my father who was in Washington and Lee at about the same time and so I appreciate very much your writing me.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Wm. M. McElwee
Honorary Chairman of Board
The Peoples National Bank
Lexington, Virginia

OFFICERS

JAS. LEWIS HOWE
Chairman of Board

B. LEE KAGEY
President

WM. M. McELWEE
Honorary Chairman of Board

ROBERT B. WEAVER
Cashier

M. W. PAXTON
Vice-President and
Trust Officer

W. CLINTON CHITTUM
Assistant Cashier

DIRECTORS

N. D. CHAPMAN
Distributor for
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C. C. HUMPHRIS
W. R. Humphris and Son

✓ FRANK J. GILLIAM
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Washington & Lee University

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✓ JAS. LEWIS HOWE
Professor of Chemistry
Emeritus
Washington & Lee University

M. W. PAXTON
Attorney-at-Law
Publisher
Rockbridge County News ✓

SCOTT HUGER
President
Huger-Davidson-Sale Co.

JOHN D. STERRETT, JR.
Treasurer
of Rockbridge County

I am pleased to see your appointment as Chairman to the Federal Reserve Board and I wish you continued success in your endeavors made in THE PEOPLES NATIONAL BANK



THE PEOPLES NATIONAL BANK
ORGANIZED 1904
LEXINGTON, VIRGINIA

The were deserved rise in the Banking world and I am heartily in accord with you in your policies as may be promoted by you - Sincerely

Wm McElwee
Financial Statement SAE

Lexington Va

W & L U. Year 1878 & 1879
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE PEOPLES NATIONAL BANK

LEXINGTON, VIRGINIA



Statement of Condition at the Close of Business December 30, 1950

RESOURCES		LIABILITIES	
Loans and Discounts	\$ 1,422,974.14	Capital	\$ 100,000.00
U. S. Government Bonds ..	1,088,855.22	Surplus	150,000.00
Other Securities	802,177.97	Undivided Profits	62,831.60
Furniture and Fixtures ..	14,162.74	Reserves	8,017.88
Cash and due from Banks	992,102.27	DEPOSITS	4,000,189.16
Other Assets	766.30		
	<hr/>		
TOTAL	\$ 4,321,038.64	TOTAL	\$ 4,321,038.64

Total Resources of Trust Department \$1,197,000.00 not included in above figures.

April 12, 1951

Dear Mr. McCormick:

I appreciate your nice letter of April 9 with respect to my statement on the occasion of my taking the oath of office here in the Federal Reserve.

I also appreciate your sending me your Annual Statement and a copy of your latest book, **THE POWER OF PEOPLE**, which I am looking forward to reading with a great deal of interest.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Charles P. McCormick
Chairman of the Board
Federal Reserve Bank
of Richmond
Richmond, Virginia

FEDERAL RESERVE BANK OF RICHMOND

CHARLES P. McCORMICK
CHAIRMAN OF THE BOARD

April 9, 1951

The Honorable William McChesney Martin, Jr.
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

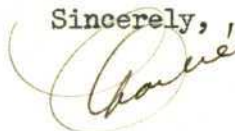
Dear Mr. Martin:

The statement made by you on April 22 when taking your oath of office was indeed most impressive. If you believe the last paragraph of this oath as sincerely as I am sure you do, then you and the writer will see eye to eye on many things. After all, our country's good comes first and no party line thinking should interfere when we are doing public service.

Under separate cover, I am sending a copy of our Annual Statement and my latest book, The Power of People, which will show you why I am happy to see you make such a challenging statement.

Kindest personal regards and best wishes for your success. I assure you that you may call upon me at any time to assist you in whatever way I can be of help. I shall look forward to seeing you in the Richmond district, and while I will be away for over 2½ months as United States Employer Delegate to the International Labor Organization Conference in Geneva for my third year, I shall be back early in the fall and hope that I may have a few minutes chat with you at that time. I will see you, of course, at the Chairmen's Conference, but you will be too busy then to give time to everyone.

Sincerely,



Charles P. McCormick, President
McCormick and Company, Inc.
McCormick Building
Baltimore 2, Maryland

April 5, 1951

Dear Mr. McCormick:

I appreciate very much your wire congratulating me on my taking up my duties with the Federal Reserve System.

I will look forward to getting better acquainted with you and appreciate very much your taking the trouble to do this.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Charles P. McCormick
Chairman
Federal Reserve Bank of Richmond
Richmond, Virginia

Mr. Martin

TELEGRAM
LEASED WIRE SERVICE
RECEIVED AT WASHINGTON

1951 APR 3 PM 5 02

T

WU K076 PD

WUX BALTIMORE MD APRIL 3 1951 403P

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

HONORABLE WILIAM MCCHESENEY MARTIN

CHAIRMAN BOARD OF GOVERNORS

FEDERAL RESERVE SYSTEM WASHINGTONDC

CONGRATULATIONS UPON YOUR APPOINTMENT AS CHAIRMAN OF THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM I KNOW
YOU WILL CONTINUE YOUR OUTSTANDING WORK FOR THE GREATER
EFFECTIVENESS OF THE SYSTEM AND ITS HIGH PRPOSES PLEASE
CALL ON ME TO BE OF SERVICE TO YOU IN ANY WAY POSSIBLE
CORDIALLY

CHARLES P MCCORMICK

CHAIRMAN FEDERAL RESERVE BANK OF RICHMOND

455P

WESTERN UNION

WESTERN UNION

WESTERN UNION

WESTERN UNION

April 5, 1951

Dear Jack:

How nice of you to take the trouble to write me.

I just returned from a pleasant week-end with Gene and Sue in South Carolina and his golf is just as good as ever. We spoke of you and figured that no matter how much trouble we were in, you were probably in more.

Cynthia joins me in best wishes to you and Ellen and I will look forward to seeing you in the not too distant future.

Cordially yours,

Wm. McC. Martin, Jr.

The Honorable John McCloy
U. S. High Commissioner
for Germany
Frankfurt, Germany

UNITED STATES HIGH COMMISSIONER FOR GERMANY
APO 757-A, Frankfurt

March 26, 1951

Dear Bill:

I have just learned that you have been made Chairman of the Federal Reserve Board, and I hasten to send you my congratulations.

There are few positions in the United States that carry with them such importance, dignity, and the opportunity to preserve the welfare of the nation as the Chairmanship of the Federal Reserve Board. You have had many jobs of great responsibility in the Government and in finance but I suppose this one tops them all.

Everyone who knows you and has worked with you, knows that you will bring to the task the best skills, industry, and integrity. I am delighted you have this position, particularly in this difficult period.

Ellen joins me in this letter and we both send our very best wishes to you and your wife.

Sincerely,



The Honorable
William McC. Martin
Chairman
Board of Governors of the
Federal Reserve System
Washington 25, D. C.

March 30, 1951

Dear Mr. McCandless:

How nice of you to take the trouble to write me, and I will do my best to justify your confidence.

I am sorry I have not become better acquainted with you, and will hope to see you from time to time.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. R. B. McCandless
5420 Connecticut Avenue, N.W.
Washington, D. C.

st. B. McCANDLESS
5420 Connecticut Ave., N. W.
Washington 15, D. C.

March 17, 1951.

Dear Mr. Martin:

I wish to be among the many who extend their felicitations as you undertake the enormous task of Chairmanship of the Federal Reserve Board of Governors. It is one of the most important posts in our country but there will be a feeling all through the nation that experience, ability and disinterested devotion have been brought to bear in your appointment.

May you have the success you richly deserve and achieve the result the country needs.

Sincerely yours,


R.B. McCandless

Mr. William McC. Martin, Jr.,
Assistant to the Secretary,
Treasury Department.

March 21, 1951

Dear Joe:

Thanks a lot for your good wishes.

My new job is a very serious responsibility, as you know, so I do appreciate your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Joseph H. Nugent
106 Sturges Avenue
Mansfield
Ohio

Mr. Louis W. Noel
Laidlaw and Company
25 Broad Street
New York, N.Y.

March 21, 1951

Dear ^{Louis}~~Mr. Noel~~

Thanks a lot for your good wishes.
My new job is a very serious responsi-
bility, as you know, so I do appreciate
your taking the trouble to write.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Louis W. Noel
Laidlaw and Company
25 Broad Street
New York, N.Y.

ESTABLISHED 1842
LAIDLAW & CO.
25 BROAD STREET
NEW YORK 4, N. Y.

CABLE ADDRESS:
"LAIDLAW"

TELEPHONE:
DIGBY 4-3900

16 March, 1951

Hon. William McChesney Martin Jr.
Assistant Secretary of The Treasury
Washington, D. C.

Dear Bill:

May I offer you my sincere congratulations on being nominated to the Chairmanship of the Federal Reserve Bank.

I can assure you that the announcement was received enthusiastically by all those with whom I have spoken and, as Mr. McCabe stated, never before in the existence of the Federal Reserve System has the country ever had greater need of the wise and judicious exercise of its powers, which under your leadership I feel confident will occur.

You have all our very best wishes in your new undertaking.

With kindest regards, and hoping to see you soon, believe me

Very sincerely,



Louis W. Noel

LWN:aes

April 10, 1941

Dear Garry:

It was kind of you and Emily to write me such a nice note about my new appointment. I apologize for the delay in responding but since I saw you in person, knew you would understand.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Garrison Norton
3040 Dumbarton Avenue
Washington, D. C.

3040 DUMBARTON AVENUE
WASHINGTON 7, D. C.

18 March 51

Dear Bill:

Emily and I are
thrilled by the news of your
nomination as Chairman of
the Federal Reserve Board.

To us this is a heartening
indication of the President's
essential soundness and
integrity of purpose.

We congratulate you
but we feel that we and
all our fellow citizens in
these perilous times are to
be congratulated even more.

Best of luck to you,
Bill, in this new and
tremendously difficult undertaking!

Sincerely

Garry Norton

April 10, 1951

My dear Mr. Ambassador:

How nice of you to take the trouble to write me. I have enjoyed very much our visits and will hope to see you from time to time as in the past.

My best as always.

Sincerely yours,

Wm. McC. Martin, Jr.

His Excellency
The Ambassador of Brazil
Washington, D. C.



BRAZILIAN EMBASSY

March 29, 1951.

William McChesney Martin, Esq.
National Reserve Board
Washington, D.C.

My dear Mr. Martin,

Please accept my heartiest
congratulations on your appointment to the National
Reserve Board. They should be very proud to have you
there.

Sincerely yours,



Mauricio Nabuco
Brazilian Ambassador

April 9, 1951.

Dear Mr. Nahn:

How nice to hear from you again! I will never forget our pleasant conversations in St. Louis and the many kindnesses you have shown me.

Dad joins me in kind regards, and I will look forward to visiting with you from time to time as formerly.

Faithfully yours,

Wm. McC. Martin, Jr.

Mr. Max B. Nahn, Vice President,
The Citizens National Bank,
Bowling Green, Kentucky.

WMcCM:b

THE CITIZENS NATIONAL BANK

UNITED STATES DEPOSITARY

ROBERT RODES, PRESIDENT
MAX B. NAHM, VICE PRESIDENT
T. H. BEARD, CASHIERF. H. MOLTENBERRY, ASST. CASHIER
J. N. PRINCE, ASST. CASHIER
S. C. HUTCHESON, ASST. CASHIER**BOWLING GREEN, KY.**

April 3, 1951

Gov. William McChesney Martin, Jr.
Chairman of the Federal Reserve Board
Washington, D. C.

My Dear Governor:

Please allow me to congratulate you and also the Federal Reserve Board and the Country at large upon your accepting the Chairmanship of the Washington Federal Reserve Board.

I have watched with pride your career in being President of the New York Stock Exchange, then of the Export-Import Bank, and Assistant Secretary of the United States Treasury. Now you have topped it all with the new honor that has been bestowed upon you.

Little did either of us dream when we used to discuss things in St. Louis that all this would fall to your ability.

Personally, I have known Governor Marriner Eccles quite well, and I am very glad that he is still on your Board.

You will recall that the last time I saw you was at the Frank Kennan Dinner in Louisville, Kentucky.

With my best personal regards and the certainty on my part that you will be a great success in the position that you now occupy, I am your friend



Max B. Nahm

MBN/ep



DELOS J. NEEDHAM

GENERAL COUNSEL

AMERICAN BANKERS ASSOCIATION

715 15th Street, N. W., Washington 5, D. C.

Digitized for FRASER

<http://fraser.stlouisfed.org>

Federal Reserve Bank of St. Louis

April 4, 1951

Dear Mr. Needham:

How nice of you to send me the beautiful tea roses in the lovely green vase!

I am delighted you could attend the induction ceremony and will look forward to working with you closely in the period ahead.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Delos J. Needham
General Counsel
American Bankers Association
Washington, D. C.

April 5, 1951.

My dear Mr. Neely:

I appreciate very much your cordial welcome to the Federal Reserve System, and will look forward to having an opportunity to get better acquainted with you when you return from Europe.

I will look forward to meeting Dr. Harris, and I have heard a lot of nice things about you from mutual friends in Atlanta.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Frank H. Neely, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

FEDERAL RESERVE BANK
OF ATLANTA

FRANK H. NEELY
CHAIRMAN OF THE BOARD
FEDERAL RESERVE AGENT

April 3, 1951

*Mr. William McChesney Martin, Jr., Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C.*

My dear Mr. Martin:

*I was highly pleased to have the wire from
the Board yesterday, advising me of your
having taken office as a member of the
Board of Governors, and having been desig-
nated by the President as Chairman for
four years.*

*While I have never had the pleasure of meet-
ing you, I have watched your career with
great interest, and I am sure that the
Federal Reserve System is going to broaden
and increase in its influence under your
direction.*

*I have been on the Atlanta Board almost
exactly the same length of time that Tom
McCabe was on the Philadelphia Board,
and we have both always had in our minds
the broadening of the System's influence
through the Banks, as well as through the
Board of Governors, and I hope that, as
you analyze the possibilities and responsi-
bilities of the System you will feel the
same way about it as we do, and help
foster the development of better personnel
and broader influence in the twelve Banks
than they have ever had in the past.*

*Unfortunately I have to go to Europe on
the first of May, and will not be able to
be at the Chairmen's meeting the following
week. However, our Deputy Chairman, Dr.
Rufus Harris, president of Tulane University,*

Mr. Wm. McChesney Martin, Jr. April 3, 1951

of New Orleans, will attend, and you will find in him a man of great interest, breadth, and enthusiasm for the work of the System.

Looking forward with a great deal of pleasure to meeting you personally, and hoping that as soon as I return from Europe in June we can arrange for you to come and visit with us here in Atlanta, I am

Very sincerely and cordially yours,



FHN:cwcc

April 5, 1951

Dear B.K.:

How nice of you to take the trouble to write me. I have regretted very much my inability to attend the International Bank meetings but time has a way of getting away from me.

I enjoyed our association very much and will hope to have a chance to visit with you in the not too distant future.

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. B. K. Nehru
International Bank
for Reconstruction
and Development
Washington, D. C.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

March 29, 1951

Dear Mr. Martin:

Thank you very much for so kindly asking me to be present at your swearing-in ceremony on the 2nd April. I should ^{have} been delighted to attend if I were going to be in town, but, unfortunately, I shall be away from Washington on Monday.

I was hoping to be able to congratulate you at one of the Board meetings, but as you have attended none since my return, my congratulations have got very delayed. Better late, of course, than never; so may I offer my most sincere congratulations on your new appointment. Whoever directs the Federal Reserve System directs American monetary policy and whoever directs American monetary policy directs the monetary affairs of the world! The fact that you have been my colleague even for a short time enables me to bask in reflected glory; and my happiness at your appointment, therefore, is not altogether unselfish!

Yours sincerely,



B.K. Nehru

Mr. William McChesney Martin, Jr.
Chairman, Board of Governors
Federal Reserve System
Washington, D.C.

March 29, 1951

Dear Bob:

Thank you for your good wishes and for sending me the very nice comments you made on your broadcast. Unfortunately, I did not hear this one, but have heard several and think they are very good.

I recall with pleasure the splendid work you did in the WPB and admired very much the way you handled yourself in rather difficult situations with General Somerville.

My best as always,

Sincerely yours,

Wm. McC. Martin, Jr.

Mr. Robert E. Nathan
Robert E. Nathan Associates, Inc.
No. 3 Thomas Circle
Washington 5, D. C.

ROBERT R. NATHAN ASSOCIATES, INC.
CONSULTING ECONOMISTS

CABLE ADDRESS
NATECON

March 19, 1951

NO. 3 THOMAS CIRCLE
WASHINGTON 5, D. C.
NATIONAL 8630

Mr. William McChesney Martin, Jr.
Assistant Secretary of the Treasury
Washington 25, D. C.

Dear Bill:

Congratulations and very best wishes in
your new assignment.

The marked section in the attached copy
of my network broadcast might be of interest to
you.

Cordially,



Robert R. Nathan

see p. 4

Good evening:

Those who rent houses and apartments were given new hope this week when the Administration indicated that a new rent control law would be submitted to the Congress. Actually, effective rent control is not likely until around the middle of the year. In the meantime, half of the non-farm rental units in the country will not be subject to any control and that means higher rents. Even those rental units now under control will move up because it is an unsatisfactory law. Talk about stabilizing the cost of living doesn't ring true with the cost of shelter on the loose. Rent is a big item in the cost of living.

The lack of real rent control can be laid on the doorstep of Congress. The Administration has tried to get authority to protect tenants. Tighe Woods, Housing Expediter, sincerely hopes for a rollback in rents. If the experience with price control is any criterion, this is a futile hope. The whole trouble with our stabilization program is that we lock the barn

after the horse has been stolen. We only talk about rollbacks. In reality, all those who sell goods and services are given plenty of warning to push their prices up to unconscionable levels before controls are imposed. Inflation is invited and then it is given a stamp of Government approval. We proceed theoretically to freeze prices at arbitrarily inflated levels. Then, further adjustments are made under the so-called freeze and they are nearly all upward adjustments. So prices go up even higher. This has happened in price control and it will happen in rent control unless the consumers and the tenants put up a better fight than they have in the past.

The Price Administrator, Mike DiSalle, deserves the appreciation of all of us in his determined stand on controlling the price of cotton. It is too bad similar toughness isn't being shown on prices of all goods. Despite heavy pressure, Mr. DiSalle has placed a ceiling on raw cotton. This is a very liberal ceiling, with the price of cotton at about 125 percent of parity. Even at this inflated level, many members of Congress and various representatives of the cotton interests fought against the price ceiling. Either we are going

to have price control or we aren't. Cotton growers will be able to get along very well at the present high price set for cotton. They will not only get along well but they have plenty of incentive to increase their acreage and produce more cotton. Probably cotton farmers are not so strongly opposed to this ceiling on cotton prices as are their paid or elected representatives.

Another illustration of crying about the ill effects of inflation but refusing to face up to the need for controls was demonstrated this week by the bankers. At the meeting of the American Bankers Association, many bankers spoke against credit controls. They know very well that the expansion of credit is inflationary. It adds to buying power. It is an important factor in pushing up prices. They know that one of the principal causes of inflation in recent months has been the huge increase in credit extended by bankers to business for inventory accumulation and for many non-essential expenditures unrelated to mobilization. For a time leaders in the banking community urged voluntary restraint upon their associates. Now even that limited offer of cooperation in fighting

inflation appears to have disappeared. It is certainly unfortunate that this very important segment of our economy has not taken a statesmanlike position in the battle against inflation.

In the face of all the scandals and news of bad appointments coming out of Washington these days, it is encouraging to note that one very good appointment has been made, namely, that of William McChesney Martin, Jr., as chairman of the Board of Governors of the Federal Reserve System. Mr. Martin is a young man with lots of ex_perience and ability. He has been president of the New York Stock Exchange, head of the Export-Import Bank and Assistant Secretary of the Treasury. In all of these positions, as well as in responsible military assignments during World War II, Mr. Martin has not only done a good job but he has acquired background and knowledge which will stand him in good stead in his new important role. Perhaps Mr. Martin's appointment will bring about a better coordination of monetary and fiscal policies in the Government. He has the prestige and ability to achieve such harmony and, more important, to develop an effective anti-inflationary

financial policy.

One of the first and most important decisions made in Washington last summer when we started on our enlarged preparedness program was to expand our total capacity to produce. It has been clear for some time that certain key industries had to be expanded even for peacetime prosperity. Bottlenecks which had prevailed even before Korea became much more serious under the mobilization program and new ones appeared. America was faced with the choice of meeting military needs at the expense of civilian output or of expanding total capacity so as to minimize the impact on civilian production. The decision was in the direction of all-out expansion. At first, there was a flurry of activity toward increasing the supply of steel and aluminum and copper and other products necessary for war and peace. The flurry has died down.

It is obvious that we will be stronger if we are able to produce more. It is equally obvious that the impact of mobilization on the civilian economy will be less severe if our productive capacity is greater. It is obvious that inflation can be more readily overcome if total production is increased materially. It is also obvious that all-out mobilization in case of total war

will be more successful if bottlenecks are overcome now. There is every justification for going full blast to speed up the expansion of our industrial and mineral and power resources.

Unfortunately, it appears that the expansionists--those who are in favor of increasing our productive capacity--are not now in the saddle. Caution is replacing daring. Complacency is replacing urgency. There is worry about the possibility of having too much steel and aluminum and other materials. There is a revival of the thinking of some people in 1940 who were afraid that we would have a depression after mobilization and that we would have too many plants. Of course, if we resign ourselves to the inevitability of depressions, we might as well have no expansion at all because even some existing facilities, let alone additional ones, would be idle in a serious depression. On the other hand, if we have confidence in the future of this country and in our ability to maintain prosperity, we need not worry about excess capacity to turn out steel and other basic materials.

Caution won't win for us the fight to retain our world economic leadership nor the fight against

inflation at home. Yet, this dangerous type of thinking is on the increase and in very important places in Washington. Instead of confidence and a sense of urgency, which are so desperately needed in the present emergency, smugness and timidity seem to prevail. That is bad and changes are needed.

(B R E A K)

Now for the special topic of the week--the business outlook. During the past week I have been visiting around the country in industrial areas like Milwaukee, Chicago and Cleveland. Aside from complaints about the hard winter and continued cold weather, one of the most popular subjects of conversation is the over-all business outlook. There is talk about the possibility of deflation and a falling-off in business in the months ahead. These doubts are supported by the fact that military orders are still coming along quite slowly, especially for the medium and small manufacturers.

Inventories are very high. That is true at the manufacturer's level as well as for the wholesaler and the retailer. In many lines the consumers aren't buying as heavily as was expected. There seems

to be more consumer resistance to high prices. Some businessmen are beginning to get a little bit worried over the possibility that they may have priced too many consumers out of the market. Retail sales reports are not uniformly good. For some lines, sales are discouraging. The drop in the stock market did not help the business man's psychology, either.

Above all, the business community has very little confidence that Washington knows where it is going. Those businessmen who go to Washington for advisory board meetings or to get clarification of various orders, or to make appeals for exceptions, come back to their communities with fantastic stories about chaos and confusion and red tape. They all agree that this time the confusion is much worse than it was in World War II. They can't very well blame the New Deal now because the show is in the hands of business. The lack of a goat is rather frustrating. It is this Washington confusion which is creating so much doubt and uncertainty in the minds of businessmen everywhere.

Business in a period of military mobilization should be exceptionally good. The addition of

military demands on top of a prosperous peacetime economy should bring about sustained full employment and prosperity. Actually, we have had such prosperity and inflationary pressure for many months now. It ought to continue. However, the lack of programming and intelligent planning and workable controls along with an unjustifiably slow rate in contract placement by the armed forces have brought fear of distortion and disorder in the economy.

Every one talks about the cutting down of civilian production and increases in military production. Actually, there has been very little curtailment in civilian production to date and very modest increase in military production. Threats of crackdowns on non-essential output appear in the papers every day but little happens. Small business is kept off balance by alternating toughness and relaxation of controls. It is fortunate that civilian output hasn't been drastically curtailed because military production hasn't increased enough to take up any sizable slack. We are not getting militarily strong very fast. The business community does not produce weapons of war without having contracts and the total contracts

placed to date are inadequate for a big effort in the months ahead. Up to now we haven't had much increase in military production, and the groundwork has not been laid for future increases in major degree. A little disorder and a little inflation might not be too big a price to pay for preparedness. But they are a big price to pay if we don't achieve military strength. We aren't getting very far very fast and we still are paying a big price.

We may have some slackening in general business activity and in employment and production unless there is a quickening in the rate of military procurement and military production. However, it is not likely to be serious in degree or in duration. It wouldn't happen at all if we had some intelligent planning and programming which coordinated expansion in total production, increases in military output and some curtailment in civilian output. The mobilization job requires a good deal of intensive work in Washington. There isn't much evidence that such intensive work has been done or is being done. Until a much better job is done by the mobilization authorities, there will continue to be confusion

and uncertainty and, worst of all, a lack of sense of urgency around the country. We might even have a temporary drop in output at a time when every ounce of our economic power ought to be used. This need not happen and should not happen.

The major problem for the country continues to be one of military security and preparedness. Until we have a clearer idea of where we are going and how we are going to get there, we will achieve neither economic stability nor the high degree of preparedness which our tremendous resources can assure. Our biggest deficiency is in good leadership.

Thank you and good night until next week at the same time.