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September 13, 1937.

Hon. William E. Chilton,
Charleston,
West Virginia.

My dear Chilton:

Please accept my affectionate regards and thanks for your kind letter.

I have no objection whatever to the truth being made known with regard to my authorship of the Federal Reserve Act. I have never been disposed to proclaim the fact, but what you say is true and to allow anyone to be falsely represented as the author of this Act, to the detriment of the New Deal, I think is no longer permissible. The principles of this Act I advocated on the floor of the Senate, February 25, 1908. That record speaks for itself. I demanded then the guarantee of bank deposits, legal tender money, the exchange of legal tender currency for United States bonds, the control of the security market forbidding banks to lend money for speculation on the stock exchanges, etc.

When my old townsman and friend, Carter Glass, wrote his book "An Adventure in High Finance" (I believe that was the title), he unjustly criticized Wilson, McAdoo, myself and Sam Untermyer. His references to Untermyer were not only unjust but offended Untermyer and made it necessary for him to openly reply, which he did, requesting me to state the fact and his connection with the matter. I did so, and Untermyer printed and distributed a pamphlet which he designated "Who is Entitled to Credit for the Federal Reserve Act?" I send you a copy of this pamphlet for your information.

Of course this pamphlet is not intended to describe fully my own relations with the Reserve Act. I drafted the first printed bill on which the Reserve Act was enacted. A copy of it is in this pamphlet.

After that was done, Mr. Glass was made Chairman of the Committee of Banking of the House about the first of June, 1913, and he sent Parker Willis to me with a draft of the bill which is published in this pamphlet. I refused to give the banks control of the proposed Federal Reserve Bank or to permit the bank to issue the money of the country and I objected to turn over the

collection and disbursement of the Government revenues to this bank. On the first two points, Woodrow Wilson agreed with me and at his request, I agreed to a tentative bill which I introduced in the Senate and Glass introduced in the House on June 26, 1913. H. Parker Willis was a strong conservative and had volunteered his advice to my friend Carter, who accepted the advice and thenceforth appeared to have been strongly influenced in these matters by the ultra-conservative Willis. The bill introduced in the House was made somewhat more conservative by amendments passed, but I had reserved the right to make any changes whatever in the bill of June 26, introduced by me in the Senate and thereupon I took 3,000 pages of testimony, including that of our old friend, Dr. J. T. M. Johnson, whose testimony was in accord with my views.

After taking this testimony I drafted a new bill with 60% new matter. In this I had the advice, consent and concurrence of John Shafroth of Colorado, Atlee Pomerene of Ohio, and Henry Hollis of New Hampshire. I then obtained the assistance of Woodrow Wilson to make this bill a party matter and caused the Democratic Conference of the Senate to meet almost every afternoon for three weeks, the meeting sometimes lasting many hours, in which I defended this bill section by section and with very slight changes indeed in the conference I obtained the authority of the Democratic Conference to present to the Senate the Bill. Mr. Hitchcock opposed the bill and Senator James A. Reed and Senator James A. O'Gorman of New York were not in sympathy with my views, but the bill passed the Senate by a strict party vote. I presented the bill on December 19, 1913, and it became the law by Wilson's signature on December 23, 1913.

As far as I know, I do not recall a single constructive feature in this bill which could be justly attributed to Mr. Glass. He did his duty as Chairman of the Committee and he supported the bill in the House with some slight amendment and is entitled to full credit for having participated in and being one of the patrons of the Federal Reserve Act. I have wished him well and wish him happiness now, but I think it is deplorable that he should be used against the New Deal in the manner you have described in your letter to me.

With kindest regards and with most affectionate remembrances, I am, as ever,

Your friend,

RLO:TT

Robert L. Owen.