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FILED BY
MR. HOPKINS
MAR 23 1951

March 23, 1951

Respectfully referred for the
files of the Department of State. *x20*

WILLIAM J. HOPKINS
Executive Clerk

Transmitting copy of letter, 3/9/51, which the President received from Honorable Thomas B. McCabe, tendering his resignation as Chairman and Member of the Board of Governors of the Federal Reserve System, effective March 31, 1951; together with a copy of the President's letter, 3/15/51, to Mr. McCabe accepting the resignation, effective at the close of business on March 31, 1951.

bk

*Noted
BK*

Special Agent

March 15, 1951

The President has today sent the following letter to Honorable Thomas B. McCabe accepting his resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System.

U. S. Naval Station,
Key West, Florida,
March 15, 1951.

Dear Tom:

In view of your letter of March ninth and our earlier conversations on the subject, I feel that I have no choice but to accept your resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System. Accordingly, I do accept it to take effect at the close of business on March 31, 1951.

I remember very well that when you first accepted this appointment at my request you were expecting to stay only one year. I appreciate very much the fact that you have been willing to extend your service from time to time at my request.

You have served the government faithfully and well through more than a decade of your best and most fruitful years. You brought to your work an exceptional equipment gained through wide and varied experience in finance and industry. This enabled you to direct diverse operations and to give invaluable counsel in many fields of government activity.

You have rendered distinguished service as Chairman of the Board of Governors of the Federal Reserve System. In this position, it has been your particular responsibility to seek to harmonize the activities of the Federal Reserve System with the activities and needs of the Government. As we have sought from time to time to meet changing economic conditions, we have been confronted with many difficult problems. You have undertaken to help find solutions for those problems with wisdom, patience and integrity. I am highly appreciative of your work as Chairman of the Federal Reserve Board.

I am particularly grateful for your part in bringing about the agreement between the Treasury Department and the Federal Reserve Board which was announced on March 3. You can be justly proud of this important step toward finding a solution of the problems which those two agencies must meet together.

With warm personal regards, and all good wishes,

Sincerely yours,

xpp73783

HARRY STROMAN

Honorable Thomas B. McCabe
Chairman, Board of Governors of the
Federal Reserve System
Washington, D. C.

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(COPY)

U. S. Naval Station,
Key West, Florida,
March 15, 1951.

Dear Tom:

In view of your letter of March ninth and our earlier conversations on the subject, I feel that I have no choice but to accept your resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System. Accordingly, I do accept it to take effect at the close of business on March 31, 1951.

I remember very well that when you first accepted this appointment at my request you were expecting to stay only one year. I appreciate very much the fact that you have been willing to extend your service from time to time at my request.

You have served the government faithfully and well through more than a decade of your best and most fruitful years. You brought to your work an exceptional equipment gained through wide and varied experience in finance and industry. This enabled you to direct diverse operations and to give invaluable counsel in many fields of government activity.

You have rendered distinguished service as Chairman of the Board of Governors of the Federal Reserve System. In this position, it has been your particular responsibility to seek to harmonize the activities of the Federal Reserve System with the activities and needs of the Government. As we have sought from time to time to meet changing economic conditions, we have been confronted with many difficult problems. You have undertaken to help find solutions for those problems with wisdom, patience, and integrity. I am highly appreciative of your work as Chairman of the Federal Reserve Board.

I am particularly grateful for your part in bringing about the agreement between the Treasury Department and the Federal Reserve Board which was announced on March 3. You can be justly proud of this important step toward finding a solution of the problems which those two agencies must meet together.

With warm personal regards, and all good wishes,

Sincerely yours,

s/ Harry S. Truman

Honorable Thomas B. McCabe
Chairman, Board of Governors of the
Federal Reserve System
Washington, D. C.

SIGNAL CENTER
EAST WING
The White House

March 15, 1951

Filed
MAR 17 1951

FROM : Mr Short, Key West, Fla
TO : Mr Perlemeter, The White House
NR : Blue # Fifteen
DTG : 151930Z

~~The following was released to the Press at Key West at 2:15 PM:~~

IMMEDIATE RELEASE

March 15, 1951

The PRESIDENT has today sent the following letter to Honorable Thomas B. Mc Cab~~e~~ accepting his resignation as chairman and as a member of the Board of Governors of the Federal Reserve System:

U.S. Naval Station
Key West, Florida,
March 15, 1951

Dear Tom:

In view of your letter of March ninth and our earlier conversations on the subject, I feel that I have no choice but to accept your resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System. Accordingly, I do accept it to take effect at the close of business on March 31, 1951.

I remember very well that when you first accepted this appointment at my request you were expecting to stay only one year. I appreciate very much the fact that you have been willing to extend your service from time to time at my request.

You have served the Government faithfully and well through more than a decade of your best and most fruitful years. You brought to your work an exceptional equipment gained through wide and varied experience in finance and industry. This enabled you to direct diverse operations and to give invaluable counsel in many fields of Government activity.

You have rendered distinguished service as Chairman of the Board of Governors of The Federal Reserve System. In this position, it has been your particular responsibility to seek to harmonize the activities of the Federal Reserve System with activities and needs of the Government. As we have sought from time to time to meet changing economic conditions, we have been confronted with many difficult problems. You have undertaken to help find solutions for those problems with wisdom, patience and integrity. I am highly appreciative of your work as Chairman of the Federal Reserve System.

I am particularly grateful for your part in bringing about the agreement between the treasury Department and the Federal Reserve Board which

~~Some letters have not come to the 3/15/51~~

was announced on March 3rd. You can be justly proud of this important step toward finding a solution of the problems which those two agencies must meet together.

With warm personal regards, and all good wishes,

Sincerely yours,

/s/ Harry S. Truman

Honorable Thomas B. McCabe,
Chairman, Board of Governors of The
Federal Reserve System,
Washington, D. C.

The following is Chairman Mc Cabe's letter to the PRESIDENT:

March 9, 1951

My dear Mr PRESIDENT

It is my sincere request that you accept my resignation as Chairman and as a member of the Board of Governors of The Federal Reserve System, to become effective March 31, 1951.

You will recall that when you asked me to accept the appointment more than three years ago, I doubted if I could serve for more than a year. On several occasions I have brought up with you the subject of my resignation, but after each discussion final action was postponed because it seemed that each successive time the task which faced us was more compelling.

Never before in the thirty-eight years of existence of the Federal Reserve System has the country ever had greater need of the wise and judicious exercise of its powers. The decision to resign under such circumstances has been one of the most difficult of my life as I have deep convictions about the preservation of the integrity and the fundamental concepts of the system.

I have felt that the Chairman of the Board of Governors has a special and dual role. As a Board member he must, with complete integrity, carry out at all times his responsibilities under the Federal Reserve act. As Chairman he must strive conscientiously to harmonize internally and externally the policies of the Board with those of the PRESIDENT and Administration. Throughout the three years since you honored me with the appointment, I have exerted the last ounce of my strength to meet both of these obligations.

Now that we have reached a satisfactory understanding and have inaugurated a completely new working arrangement with the Treasury, I feel that my personal reasons, with which you have been long familiar, must have overriding consideration.

I would like to express my appreciation of your confidence in appointing me to such high positions of public trust and for the personal friendship which you have accorded me.

With very best wishes, I am

Sincerely,

/s/ Tom

Thomas B. Mc Cabe

The PRESIDENT,
The White House

The PRESIDENT has also received the following communication from
Mr Mc Cabe:

My dear Mr PRESIDENT:

You have very graciously asked me to recommend my successor as
Chairman of The Board of Governors of The Federal Reserve System.
I am happy to commend to you William Mc Chesney Martin, Jr., Assi-
stant Secretary of the Treasury in charge of the Office of Inter-
national Finance.

Mr Martin grew up in the atmosphere of central banking and
thoroughly absorbed over his formative years its philosophy, as his
father was Governor of The Federal Reserve Bank of St. Louis during
those years. He has had an extensive and successful career both in
Government and without, including the Presidency of The New York
Stock Exchange and Chairman of The Board of The Export Import Bank
of Washington. Of critical importance at this junction is the
intimate part he has played in reaching the fine and full accord
that now exists between the Treasury and The Federal Reserve System .
An accord which, in my judgment, will resound outstandingly to
the benefit of the Government Security Market and the people of the
United States. It is vitally important that this accord be
maintained.

I would be loth to leave this position of such great responsibility
if I did not feel sure that it would pass into such capable hands,
and that the appointment would be so well received both within the
Federal Reserve System and by the Financial Community generally.

Respectfully,

/s/ Tom

Thomas B. Mc Cabe

MARCH 15, 1951

The President has today sent the following letter to Honorable Thomas B. McCabe accepting his resignation as Chairman and member of the Board of Governors of the Federal Reserve System:

U. S. Naval Station,
Key West, Florida,
March 15, 1951

Dear Tom:

In view of your letter of March ninth and our earlier conversations on the subject, I feel that I have no choice but to accept your resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System. Accordingly, I do accept it to take effect at the close of business on March 31, 1951.

I remember very well that when you first accepted this appointment at my request you were expecting to stay only one year. I appreciate very much the fact that you have been willing to extend your service from time to time at my request.

You have served the Government faithfully and well through more than a decade of your best and most fruitful years. You brought to your work an exceptional equipment gained through wide and varied experience in finance and industry. This enabled you to direct diverse operations and to give invaluable counsel in many fields of Government activity.

You have rendered distinguished service as Chairman of the Board of Governors of the Federal Reserve System. In this position, it has been your particular responsibility to seek to harmonize the activities of the Federal Reserve System with activities and needs of the Government. As we have sought from time to time to meet changing economic conditions, we have been confronted with many difficult problems. You have undertaken to help find solutions for those problems with wisdom, patience and integrity. I am highly appreciative of your work as Chairman of the Federal Reserve System.

I am particularly grateful for your part in bringing about the agreement between the Treasury Department and the Federal Reserve Board which was announced on March third. You can be justly proud of this important step toward finding a solution of the problems which those two agencies must meet together.

With warm personal regards, and all good wishes,

Sincerely yours,

HARRY S. TRUMAN

Honorable Thomas B. McCabe,
Chairman, Board of Governors,
Federal Reserve System,
Washington, D. C.

- - - -

The following is Chairman McCabe's letter to the President:

March 9, 1951

My dear Mr. President:

It is my sincere request that you accept my resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System, to become effective March 31, 1951.

You will recall that when you asked me to accept the appointment more than three years ago, I doubted if I could serve for more than a year. On several occasions I have brought up with you the subject of my resignation, but after each discussion final action was postponed because it seemed that each successive time the task which faced us was more compelling.

Never before in the thirty-eight years of existence of the Federal Reserve System has the country ever had greater need of the wise and judicious exercise of its powers. The decision to resign under such circumstances has been one of the most difficult of my life as I have deep convictions about the preservation of the integrity and the fundamental concepts of the system.

I have felt that the Chairman of the Board of Governors has a special and dual role. As a Board member he must, with complete integrity, carry out at all times his responsibilities under the Federal Reserve Act. As Chairman he must strive conscientiously to harmonize internally and externally the policies of the Board with those of the President and Administration. Throughout the three years since you honored me with the appointment, I have exerted the last ounce of my strength to meet both of these obligations.

Now that we have reached a satisfactory understanding and have inaugurated a completely new working arrangement with the Treasury, I feel that my personal reasons, with which you have been long familiar, must have overriding consideration.

I would like to express my appreciation of your confidence in appointing me to such high positions of public trust and for the personal friendship which you have accorded me.

With very best wishes, I am

Sincerely,

TOM
Thomas B. McCabe

The President,
The White House.

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The President has also received the following communication from Mr. McCabe:

My dear Mr. President:

You have very graciously asked me to recommend my successor as Chairman of the Board of Governors of the Federal Reserve System. I am happy to commend to you William McChesney Martin, Jr., Assistant Secretary of the Treasury in charge of the Office of International Finance.

Mr. Martin grew up in the atmosphere of central banking and thoroughly absorbed over his formative years its philosophy, as his father was Governor of the Federal Reserve Bank of St. Louis during those years. He has had an extensive and successful career both in Government and without, including the Presidency of the New York Stock Exchange and Chairman of the Board of the Export-Import Bank of Washington. Of critical importance at this junction is the intimate part he has played in reaching the fine and full accord that now exists between the Treasury and the Federal Reserve System, an accord which, in my judgment, will resound outstandingly to the benefit of the Government Security Market and the people of the United States. It is vitally important that this accord be maintained.

I would be loth to leave this position of such great responsibility if I did not feel sure that it would pass into such

- 3 -

capable hands, and that the appointment would be so well received both within the Federal Reserve System and by the Financial Community generally.

Respectfully,

TOM
Thomas B. McCabe

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~~CONFIDENTIAL~~

U. S. S. WILLIAMSBURG

~~U. S. Naval Gun Factory~~

~~WASHINGTON 25, D. C.~~

~~142340Z~~

~~14 MARCH 1951~~

WHITE NR 539

FROM: ~~L. M. DENNISON~~

TO : MR. CHARLES MURPHY, KEY WEST, FLA.

~~PERSONAL~~

BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

The President has also received the following communication from Mr. McCabe:

MY DEAR MR. PRESIDENT:

YOU HAVE VERY GRACIOUSLY ASKED ME TO RECOMMEND MY SUCCESSOR AS CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM. I

AM HAPPY TO COMMEND TO YOU WILLIAM MCCHESENEY MARTIN, JR., ASSISTANT SECRETARY OF THE TREASURY IN CHARGE OF OFFICE OF INTERNATIONAL FINANCE.

MR. MARTIN GREW UP IN THE ATMOSPHERE OF CENTRAL BANKING AND THOROUGHLY ABSORBED OVER HIS FORMATIVE YEARS ITS PHILOSOPHY, AS HIS FATHER

WAS GOVERNOR OF THE FEDERAL RESERVE BANK OF ST. LOUIS DURING THOSE YEARS. HE HAS HAD AN EXTENSIVE AND SUCCESSFUL CAREER BOTH IN GOVERNMENT

AND WITHOUT, INCLUDING THE PRESIDENCY OF THE NEW YORK STOCK EXCHANGE AND CHAIRMAN OF THE BOARD OF THE EXPORT IMPORT BANK OF WASHINGTON. OF

CRITICAL IMPORTANCE AT THIS JUNCTURE IS THE INTIMATE PART HE HAS PLAYED IN REACHING THE FINE AND FULL ACCORD THAT NOW EXISTS BETWEEN

THE TREASURY AND THE FEDERAL RESERVE SYSTEM. AN ACCORD WHICH, IN MY JUDGMENT, WILL REBOUND OUTSTANDINGLY TO THE BENEFIT OF THE GOVERNMENT

SECURITY MARKET AND THE PEOPLE OF THE UNITED STATES. IT IS VITALLY IMPORTANT THAT THIS ACCORD BE MAINTAINED.

I WOULD LOATH TO LEAVE THIS POSITION OF SUCH GREAT RESPONSIBILITY IF I DID NOT FEEL SURE THAT IT WOULD PASS INTO SUCH CAPABLE HANDS,

AND THAT THE APPOINTMENT WOULD BE SO WELL RECEIVED BOTH WITHIN THE FEDERAL RESERVE SYSTEM AND BY THE FINANCIAL COMMUNITY GENERALLY.

RESPECTFULLY

(SIGNED) TOM

THOMAS B. MCCABE

~~CONFIDENTIAL~~



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

March 14, 1951.

~~PERSONAL AND
CONFIDENTIAL~~

My dear Mr. President:

You have very graciously asked me to recommend my successor as Chairman of the Board of Governors of the Federal Reserve System. I am happy to commend to you William McChesney Martin, Jr., Assistant Secretary of the Treasury in Charge of Office of International Finance.

Mr. Martin grew up in the atmosphere of central banking and thoroughly absorbed over his formative years its philosophy as his father was Governor of the Federal Reserve Bank of St. Louis during those years. He has had an extensive and successful career both in Government and without, including the presidency of the New York Stock Exchange and Chairman of the Board of the Export-Import Bank of Washington. Of critical importance at this juncture is the intimate part he has played in reaching the fine and full accord that now exists between the Treasury and the Federal Reserve System. An accord which, in my judgment, will redound outstandingly to the benefit of the Government security market and the people of the United States. It is vitally important that this accord be maintained.

I would be loath to leave this position of such great responsibility if I did not feel sure that it would pass into such capable hands, and that the appointment would be so well received both within the Federal Reserve System and by the financial community generally.

Respectfully,

Thomas B. McCabe.

The President,
The White House.

DETERMINED TO BE
CONFIDENTIAL
AW 1-3-7



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

The following is Chairman McCabe's letter to the President.

March 9, 1951.

My dear Mr. President:

It is my sincere request that you accept my resignation as Chairman and as a member of the Board of Governors of the Federal Reserve System, to become effective March 31, 1951.

You will recall that when you asked me to accept the appointment more than three years ago, I doubted if I could serve for more than a year. On several occasions I have brought up with you the subject of my resignation, but after each discussion final action was postponed because it seemed that each successive time the task which faced us was more compelling.

Never before in the thirty-eight years of existence of the Federal Reserve System has the country ever had greater need of the wise and judicious exercise of its powers. The decision to resign under such circumstances has been one of the most difficult of my life as I have deep convictions about the preservation of the integrity and the fundamental concepts of the System.

I have felt that the Chairman of the Board of Governors has a special and dual role. As a Board member he must, with complete integrity, carry out at all times his responsibilities under the Federal Reserve Act. As Chairman he must strive conscientiously to harmonize internally and externally the policies of the Board with those of the President and the Administration. Throughout the three years since you honored me with the appointment, I have exerted the last ounce of my strength to meet both of these obligations.

Now that we have reached a satisfactory understanding and have inaugurated a completely new working arrangement with the Treasury, I feel that my personal reasons, with which you have been long familiar, must have overriding consideration.

I would like to express my appreciation of your confidence in appointing me to such high positions of public trust and for the personal friendship which you have accorded me.

With very best wishes, I am

Sincerely,

Thomas B. McCabe.

The President,
The White House.

(COPY)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

March 9, 1951

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With very best wishes, I am

Sincerely,

s/ Tom

Thomas B. McCabe.

The President
The White House