



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.

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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.