

December 4, 1950

Dear Tom:

I am enclosing you the article to which I referred in my telephone conversation with you Friday night.

It seems to me that this situation is a very dangerous one and that the Federal Reserve Board should make it perfectly plain to the open market committee and to the New York Bankers that the peg is stabilized.

I have succeeded in getting the Treasury to appreciate the fact that we should have our obligations financed on longer terms than has been the case generally but, if the Federal Reserve Board is going to pull the rug from under the Treasury on that, we certainly are faced with a most serious situation, because we are going to have an immense amount of Federal financing in the next six months.

I hope the Board will realize its responsibilities and not allow the bottom to drop from under our securities. If that happens that is exactly what Mr. Stalin wants.

Sincerely yours,

MARK W. TRUMAN

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

ENCL. Article from NEW YORK HERALD TRIBUNE, Friday, December 1, 1950
"Flexible Pegs"

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