

February 11, 1970

Dear Senator Bennett:

This will acknowledge and thank you for your letter to the President, in which you were joined by Senator ^{John} Sparkman, regarding the Presidential Commission on Financial Structure and Regulation, which the President stated in his Economic Report would be appointed shortly.

Your views, as ranking Minority Member of the Committee on Banking and Currency, that such a commission would be of material assistance to the legislative work of the Committee will assuredly be brought to the President's prompt attention.

With cordial regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

X
Honorable Wallace F. Bennett
United States Senate
Washington, D.C. 20510

bcc: w/incoming to Peter Flanigan - FYI *sent*

WET:EF:VO:vo

RECEIVED
FEB 12 1970
Curtis

7
JOHN SPARKMAN, ALA., CHAIRMAN
WILLIAM PROXMIRE, WIS.
HARRISON A. WILLIAMS, JR., N.J.
EDMUND S. MUSKIE, MAINE
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JOHN G. TOWER, TEX.
EDWARD W. BROOKE, MASS.
CHARLES H. PERCY, ILL.
CHARLES E. GOODSELL, N.Y.
ROBERT W. PACKWOOD, OREG.

DUDLEY L. O'NEAL, JR.
STAFF DIRECTOR AND GENERAL COUNSEL

v 2-5
United States Senate

COMMITTEE ON BANKING AND CURRENCY

WASHINGTON, D.C. 20510

February 4, 1970

B-4
The President
The White House
Washington, D. C.

Dear Mr. President:

We strongly commend the decision, announced in your Economic Report, to appoint a panel of distinguished citizens to study the financial structure and make recommendations to you for needed changes. As your Council of Economic Advisers so aptly points out, the financial services needed in the future will differ from those that are appropriate today, and the demands on the flow of national savings will be heavy. Accordingly, they reason, this nation's financial institutions and financial structure must have the flexibility that will permit a sensitive response to changing demands.

As chairman and ranking minority member of the Senate Committee on Banking and Currency, we are keenly aware of the responsibilities the Congress shares with you in this important area. Unfortunately, the problems which confront us are increasingly complex, and the analysis and study on which to base answers to the problems are all too scarce. Let us cite only three examples.

Inasmuch as financial institutions are subjected to varying degrees of government regulation, the extent of that regulation must be carefully calibrated if innovation and competition are to be fostered rather than stultified. Yet the system of regulation for deposit-type financial institutions--commercial banks, mutual savings banks, savings and loan associations and credit unions--has grown without plan. The needs of the 1970's may not at all be served by a regulatory network that evolved largely in the depression of the 1930's.

Your distinguished panel could therefore provide significant help to our committee by suggesting revisions in the regulatory structure.

The President
Page Two
February 4, 1970

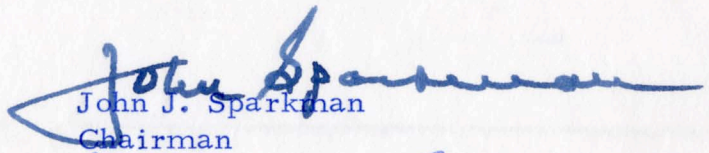
Second, legislation passed by the House and now pending in the Senate would specifically delineate the functions of commercial banks and their affiliates. We do not prejudge this issue. But clearly the systematic studies which your commission would carry out could be of inestimable help in our deliberations on this important matter.

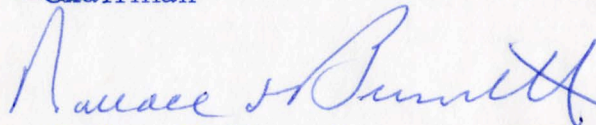
Third, for the second time in only four years, the process of savings "disintermediation"--or the shifting of funds from the deposit-type financial institutions to more attractive market investment--has impinged sharply on the availability of funds for housing. The result has been an almost disastrous contraction in housing construction. This is probably our most serious single current financial problem.

Our committee is constantly working on it and will continue to do so. We hope that this commission will be able to supply us with new ideas and approaches that will help close this tragic gap.

Because of the importance of these and many other issues in solving the financial problems of the 1970's, we stand ready to cooperate to the fullest in expediting the commission's work.

Respectfully yours,


John J. Sparkman
Chairman


Wallace F. Bennett
Ranking Minority Member

February 17, 1970

Dear Al:

Thank you for your letter of the 12th regarding the Presidential Commission on Financial Structure and Regulation.

Although this Commission has not as yet been established, I will be pleased to accept your recommendation of Mr. David A.^x Shern for appointment to the Financial Commission. I have submitted his name and your letter of endorsement to the appropriate persons here in order that he may be considered for appointment when staffing of the Commission is undertaken.

With warm regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable Albert^x Quie
House of Representatives
Washington, D.C. 20515

bcc: Harry Flemming w/incoming
Malise Bloch w/incoming

/not attached

WET:WEC:lm

RECEIVED
FEB 18 1970
CENTRAL FILES

*over
mem*

GENERAL

(2)

FG 267
PR13/ST 45

February 19, 1970

Dear Senator Preuty:

The President has asked me to thank you for your letter of February 16 with which you enclosed the resolution of the Vermont Bankers Association. The President appreciated learning of this support by the banking community of his proposal for a commission on financial structure and regulation. As the President indicated in the Economic Report, he plans to name the members in the near future.

*not attached
when Rec'd in Central files*

With cordial regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

X
Honorable Winston L. Preuty
United States Senate
Washington, D.C. 20510

bcc: w/incoming to Peter Flanigan - FYI

*Sent
2/20*

WET:EF:VO:vo

Bcc: HLR Bo Lieke - LG 2

*Sent
2/20*

RECEIVED
FEB 20 1970
GENERAL FILES

4

February 19, 1970

Dear Mr. Chairman:

The President has asked me to thank you for your February 16 letter asking that consideration be given to naming Mr. Frank Whitbeck, of Little Rock, to the commission on financial structure and regulation. As the President indicated in his Economic Report, he plans to name the members of such a commission at an early date. He appreciates your sending him this recommendation, and you may be assured Mr. Whitbeck will receive careful consideration.

With cordial regard,

Sincerely,

BILL

William E. Timmons
Assistant to the President

Honorable Wilbur D. Mills^x
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

art | bcc: w/incoming to Harry Flemming - FYI
bcc: w/incoming to Dr. Charles Walker (Treasury Department)FYI

WET:EF:VO:vo

3

RECEIVED
FEB 20 1970
CENTRAL FILES

GENERAL
F6 267

February 19, 1970

Dear Bob:

The President has asked me to thank you for your recent letter. He appreciates the report of fine support within the financial community in your State to the announcement he made that he would shortly appoint a Presidential commission to study financial structure and regulation.

With warm regard,

Sincerely,

William E. Timmons
Assistant to the President

Honorable Bob Packwood
United States Senate
Washington, D. C.

bcc: w/incoming to Dr. McCracken - FYI

bcc: w/incoming to Peter Flanigan - FYI

WET:EF:VO:jz

sent
2/20

9 BOB PACKWOOD
OREGON

V 2-17

United States Senate

WASHINGTON, D.C. 20510

February 16, 1970

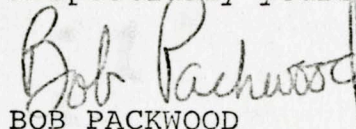
BT
The Honorable Richard M. Nixon
President of the United States
The White House
Washington, D. C.

Dear Mister President:

In your budget message, you recommended the appointment of a commission to study the structure of our financial institutions and to make recommendations for changes within the financial community.

I thought you would be interested to know that this recommendation has received wide-spread support and acclaim from the financial community in Oregon as evidenced by the letters I have received in support of this recommendation.

Respectfully yours,


BOB PACKWOOD

BP/wmc

9
GENERAL

F6 267

February 19, 1970

Dear Tom:

The President has asked me to thank you for your recent letter. He appreciates the report of fine support within the financial community in your State to the announcement he made that he would shortly appoint a Presidential commission to study financial structure and regulation.

With warm regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable Thomas J. Meskill
House of Representatives
Washington, D. C. 20515

bcc: w/incoming to Dr. McCracken - FYI

bcc: w/x incoming to Peter Flanigan - FYI

WET:EF:VO:jz

*Sent
2/20*

4
RECEIVED
FEB 20 1970
COMM-FILES

THOMAS J. MESKILL
CONNECTICUT, SIXTH DISTRICT

1017 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-4476

DISTRICT OFFICE:
CITY HALL BUILDING
ROOM 406
NEW BRITAIN, CONNECTICUT 06051
(203) 229-0773
ADOLF G. CARLSON
DISTRICT ADMINISTRATIVE AIDE

Congress of the United States

House of Representatives

Washington, D.C. 20515

February 16, 1970

COMMITTEES:

JUDICIARY

SUBCOMMITTEE ON IMMIGRATION
AND NATIONALITY

SPECIAL SUBCOMMITTEE ON SUBMERGED LANDS

POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON CENSUS AND STATISTICS
SUBCOMMITTEE ON POSITION CLASSIFICATION

BOARD OF VISITORS,
UNITED STATES COAST GUARD
ACADEMY

ack + file to be checked

BT

The President
The White House
Washington, D.C.

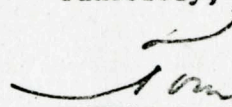
Dear Mr. President:

I have recently received a letter from the Connecticut Bankers Association indicating their enthusiastic support for the presidential study of the financial structure of the country that you proposed in your Economic Report.

Such a study will be especially beneficial to Connecticut as the Connecticut General Assembly, at the close of the 1969 session, created a commission to study the appropriateness of demand deposits for savings banks or alternatives thereto.

I felt it particularly significant to bring their support to your attention as Connecticut is the only state studying the question of demand deposits for savings banks at the present time.

Sincerely,


THOMAS J. MESKILL, M.C.

TJM/po

February 25, 1970

Dear Senator Pell:

This will acknowledge and thank you for your letter to the President expressing your support of the commission on financial structure and regulations which he will name in the near future. I know he will appreciate learning that you concur with him that such a study is necessary. I will be pleased to bring your letter to the President's attention at the earliest opportunity.

With cordial regard,

Sincerely,

William E. Timmons
Assistant to the President

Honorable Claiborne^x Pell
United States Senate
Washington, D.C. 20510

bcc: w/incoming to Peter Flanigan - FYI
bcc: Kenneth BeLieu - FYI

WET:EF:VO:vo

9
RECEIVED
FEB 26 1970
CENTRAL FILES

United States Senate

WASHINGTON, D.C. 20510

February 17, 1970

B.T.
The President
The White House
Washington, D. C.

Dear Mr. President:

In reading your Economic Report to the Congress, I noted with particular interest the announcement of your intention to appoint a commission to study our national financial structure and institutions and to recommend desirable changes.

I am writing to express my full support of such a commission study. A financial structure with the strength and flexibility required to respond to the demands of the coming decade is essential. Responsible financial leaders have expressed to me serious concern that our existing financial structure may prove inadequate to those demands.

The study you have announced can be an important first step toward meeting this challenge. I congratulate you on your decision, and look forward with interest to the appointment of the commission and ultimately to a report on the commission's findings and recommendations.

All best wishes.

Sincerely,

Claiborne Pell

Claiborne Pell

March 2, 1970

Dear Mr. Daddario:

Thank you for your February 23 letter calling attention to the interest of the Connecticut Bankers Association in the proposed Presidential commission on financial structure and regulations which the President has announced he will name shortly. We will be pleased to pass this information along to the appropriate persons so they may be aware of this interest.

With cordial regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable Emilio Q. Daddario
House of Representatives
Washington, D. C. 20515

bcc: w/incoming to Peter Flanigan - FYI *See*

WET:EF:VO:jz
/

RECEIVED
MAR 3 1970
CENTRAL FILES

27
GENERAL

fyel
March 3, 1970

FG 267

FI 2

SP2-3-36/PRO

Dear Gordon:

The President has asked me to thank you for your February 25 letter commending him on his Economic Report to the Congress.

We have noted with particular interest your comments on the Presidential commission on financial structure and regulations, the members of which the President hopes to announce at an early date. He has been pleased at the widespread expression of approval of his decision to name such a commission, and appreciates learning that you are in accord with this objective.

Also, the President shares your feeling that the members of the Commission should consult with the appropriate Congressional committees in the formulation of their recommendations.

With warm regard,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable Gordon ^XAllott
United States Senate
Washington, D. C.

bcc: w/inc to Peter Flanigan -FYI
bcc: Ken BeLieu -FYI

WET:EF:jas

9
RECEIVED
MAR 10 1970
CENTRAL FILES

7
RICHARD B. RUSSELL, GA., CHAIRMAN

ALLEN J. ELLENDER, LA.
JOHN L. MCCLELLAN, ARK.
WARREN G. MAGNUSON, WASH.
SPESSARD L. HOLLAND, FLA.
JOHN C. STENNIS, MISS.
JOHN O. PASTORE, R.I.
ALAN BIBLE, NEV.
ROBERT C. BYRD, W. VA.
GALE W. MCGEE, WYO.
MIKE MANSFIELD, MONT.
WILLIAM PROXMIRE, WIS.
RALPH YARBOROUGH, TEX.
JOSEPH M. MONTGOMERY, N. MEX.

MILTON R. YOUNG, N. DAK.
KARL E. MUNDT, S. DAK.
MARGARET CHASE SMITH, MAINE
ROMAN L. HRUSKA, NEBR.
GORDON ALLOTT, COLO.
NORRIS COTTON, N.H.
CLIFFORD P. CASE, N.J.
HIRAM L. FONG, HAWAII
J. CALEB BOGGS, DEL.
JAMES B. PEARSON, KANS.

2-27
United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

February 25, 1970

THOMAS J. SCOTT, CHIEF CLERK
WM. W. WOODRUFF, COUNSEL

BT
The President
The White House
Washington, D. C.

Dear Mr. President:

Let me take this opportunity to commend you for the Economic Report which was transmitted to the Congress earlier this month. I believe your report succinctly, yet thoroughly, dramatizes many of the problems inherited by this Administration. Its blueprints for action are characterized by courageous and forthright economic decisions for the future.

I was particularly impressed by your decision to appoint a commission to study our financial structure and to make recommendations to you for needed changes. I would certainly hope that this commission might be appointed as soon as possible and that a reasonable date could be announced within which the commission's recommendations would be completed.

In light of the fact that Congress has been grappling with the complexities of Federal regulation of one bank holding companies, it would be my hope that your commission might address itself to this specific issue on a priority basis. I have found that the general question of regulating one bank holding companies is a potentially demagogical issue. Priority consideration of the one bank holding company question by your commission might defuse the demagoguery and provide more realistic recommendations on this complex issue than have yet been considered by the Congress.

The unique nature of Congressional interest in one bank holding company legislation leads me to believe that it might be helpful if the commission could maintain reasonable liaison with the proper Congressional committees having jurisdiction of this matter.

The President
February 25, 1970
Page 2

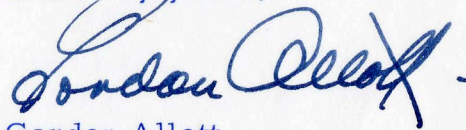
GORDON ALLOTT
COLORADO

In this manner, I would hope that the Congress might delay final action on one bank holding company legislation pending receipt of your commission's final recommendations.

I believe that your decision to appoint this Presidential commission will be of immense assistance to the Congress and to the nation in determining the role our financial institutions play in America's dynamic economy.

Best regards.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Gordon Allott", with a stylized flourish at the end.

Gordon Allott
United States Senator

GA:jm

March 4, 1970

Dear Dick:

Many thanks for your letter of February 11 in which you recommend Messrs. Arjay Miller, James M. Hall, Reed O. Hunt, and Hornsby Wasson for appointment to the President's Commission to Study Financial Institutions.

As always I appreciate your assistance, and I assure you we will give careful consideration to them.

With warm regards,

Sincerely,

Pete

Peter M. Flanigan
Assistant to the
President

Mr. Richard P. Cooley
President
Wells Fargo Bank
San Francisco, California 94120

PMF:hc

FLANIGAN: REPLY & ONE COPY / *not attached*
LEUKHARDT: INCOMING
UNDERSECRETARY CHARLES WALKER, TREASURY DEPT —

RECEIVED
MAR 7 1970
CENTRAL FILES

Sent
3/6

March 6, 1970

GENERAL

503

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FG267

Dear Jerry:

Thanks muchly for your written reminders following our conversation last Saturday.

I have appropriately placed your warm endorsement of Senator Frank Lauterbach for appointment to the Presidential Study Commission on Financial Institutions and can assure you that your recommendation will be most carefully received. In addition, I have also lateral-passed your fine suggestion to include Mr. and Mrs. John Brooks in the State Dinner honoring West German Chancellor Willy Brandt. We'll be back to you on this one in a very little while.

With warm regard,

Sincerely,

Bryce W. Harlow
Counsellor to the President

Honorable Gerald R. Ford
Minority Leader
U. S. House of Representatives
Washington, D. C. 20515

BNH:SR

bcc: Rose Woods w/incoming
Peter Flanigan w/incoming
Bill Timmons FYI

RECEIVED
MAR 11 1970
CENTRAL FILES

March 12, 1970

Dear Maury:

Many thanks for your letter of February 24 in which you recommend Mr. Roberts for appointment to the committee studying financial institutions. His name has been forwarded to Charlie Walker who is coordinating the list of candidates.

As always I appreciate your assistance, and I assure you we will give careful consideration to Mr. Roberts.

With warm regards,

Sincerely,

Peter M. Flanigan
Assistant to the
President

Honorable Maurice Stans
Secretary of Commerce
Washington, D. C.

PMF:lll

FLANIGAN: REPLY & ONE COPY
LEUKHARDT: INCOMING
UNDER SECRETARY CHARLES WALKER, TREASURY DEPT

14
GENERAL

PE 2 ①
FEB 67

March 12, 1970

Dear Jim:

Thank you for your recent letter on behalf of Mr. Robert H. Stewart III whom you recommend for appointment to the Commission to study Financial Institutions.

He certainly will be given careful consideration.

With warm personal regards to you and Margaret in which Brigid joins,

Sincerely,

Pete

Peter M. Flanigan
Assistant to the
President

X
Mr. J. A. Elkins, Jr.
Chairman of the Board
X First City National Bank of Houston
1001 Main Street
Houston, Texas 77002

PMF:III

FLANIGAN: REPLY & ONE COPY
LEUKHARDT: INCOMING
3

RECEIVED
MAR 18 1970
CENTRAL FILES

GENERAL
PFE
FG 267

March 16, 1970

Dear Ty:

Thank you for your letter of March 9 and the information on Mr. Frederick S. Huber. We are always grateful for people such as you who pass along names of good talent for our search is never-ending.

I will pass a copy of your letter along to Mr. Harry Flemming, our staff member in charge of personnel, and I'm sure Mr. Huber will be given careful consideration for the commission you mentioned.

Thank you for your kind words of support.

Best wishes,

Sincerely,

BOB

H. R. Haldeman
Assistant to the President

Mr. Tyler MacDonald
3540 Wilshire Boulevard
Los Angeles
California 90005

HRH:LH/pm
cc: Al Kaupinen w/incoming
3-17

RECEIVED
MAR 18 1970
CENTRAL

March 30, 1970

Dear Cal:

Many thanks for your letter regarding Mr. Vander Ende. He certainly seems like an extraordinarily able individual with sufficient background in public service to make him particularly qualified for the Commission on Financial Structure. I passed the letter along to the fellows who are putting together the many recommendations with a note of my own support.

I am embarrassed at the length of time that fine wine has been adding age in McDonnell's cellar. I trust it will be in your cellar in a matter of days. Many thanks for working out the allocations on which it ought to be split up. The only thing you have left for me is the drinking which will be a great pleasure.

I'm sorry not to have seen you back here in Washington. Be sure to schedule a trip before too long. Meanwhile, with warm personal regards,

Sincerely yours,

Peter M. Flanigan
Assistant to the
President

Mr. C. Calvert Knudsen
Senior Vice President
Weyerhaeuser Company
Tacoma, Washington 98401

PMF:jlc

RECEIVED
MAY 2 1970
CENTRAL FILES

T S & A

TRUMBLE, SPANO & ASSOCIATES, INCORPORATED

March 31, 1970

Mr. Harry S. Flemming
Assistant to the President
The White House
Washington, D. C.

Attention: Horace R. Lewis
Room 145
Executive Office Building

Dear Mr. Lewis:

Enclosed is a copy of my original letter of Feb. 26, 1970,
recommending Donald R. Grangaard for membership on the
Commission to Study Financial Institutions. Attached is
Mr. Grangaard's resume.

Please keep me informed as to disposition of this recom-
mendation.

Thank you very much.

Sincerely,

Eugene F. Trumble

RECEIVED
APR 7 1970
CENTRAL FILES

EFT:js
Encls. (2)
CC: Miss Margaret McFadden
Office of Peter M. Flanigan

Marge -
This seems to have
been lost the first time
around. Or could it
have gone directly to
Walker?
Cen

GENERAL

PE2

FG267

1/2
Congress April 3, 1970 States
House of Representatives
Washington, D.C. 20515

205 Post Office Building
Sheboygan, Wis. 53081

Dear Bill:

I am pleased to acknowledge your letter of March 25 requesting information, on behalf of your constituent, Mr. Dick McDonald, on the White House commission assigned to study financial institutions.

As you may know, this commission has not as yet been created. It was proposed in the President's Economic Report of 1970 and will undoubtedly be established sometime this year. No decisions have been made regarding the specific assignment of the commission, the timetable for its creation, number of members, etc. Review and consideration of candidates will be undertaken by those in the White House with specific responsibility for staffing of Presidential commissions. Applications and recommendations are now being accepted in order that they may be on hand for future reference.

I hope that the above information will be of assistance to you in responding to the questions of your constituent.

With warm regard,
insurance companies, etc.

Sincerely,

I enclose his letter in which I hope you can direct it to a person who can help me. ^{Bill} William E. Timmons
Assistant to the President

Honorable William A. Steiger
House of Representatives
Washington, D.C.

WET:lm

RECEIVED
APR 6 1970
CENTRAL FILES

BW
April 9, 1970

Dear Senator Magnuson:

Thank you for bringing to the attention of the President the interest of one of your constituents in appointments to the Commission on Financial Structure and Regulation.

N. DEWAYNE In order that Mr. Gerrit Vander Ende^X may be properly reviewed and considered for appointment to the Financial Commission, I have forwarded his biographical data, Mr. Kreager's^X correspondence, as well as your endorsement, to the appropriate office here directly responsible for commission appointments. I am sure that due attention will be accorded this matter.

With warm regard,

Sincerely,

William E. Timmons
Assistant to the President

^X
Honorable Warren G. Magnuson
United States Senate
Washington, D.C.

bcc: Harry Flemming w/inc.
Malise Bloch w/inc.

Ken BeLieu FYI

WET:lm

RECEIVED
APR 13 1970
CENTRAL FILES

United States Senate

April 3, 1970

Dear Mr. President:

Enclosed for your interest is a self-explanatory letter from a constituent of mine concerning appointments to the President's Commission on Financial Institutions.

I might add as a personal note, that the gentleman suggested is eminently qualified and would make an excellent appointee.

Respectfully,

Warren Wapenore

WARREN G. MAGNUSON, U.S.S.

Enclosure
WGM/sbc

HDX/S
Eng.



**Pacific First Federal
Savings** and Loan Association

Tacoma, Washington 98401

H. Dewayne Kreager, President

March 18, 1970

The Honorable Warren G. Magnuson
Senate Office Building
Washington, D. C. 20510

Dear Warren:

Reference is to the pending creation of a President's Commission on Financial Institutions, in which, I understand from Treasury Under Secretary Charls Walker, each segment of the financial community is to have at least one representative, but with the majority coming from the general public.

I think you should know that the savings and loan industry, as such, has pretty well agreed to support Gerrit Vander Ende, Chairman of this institution, as its representative. To the extent that it is either feasible or appropriate your support will be appreciated.

You know Gerrit personally as both a statesman in the savings industry nationally, and as a respected member of the business community of this state. As back-up information for you I am enclosing a copy of his biography. Particularly pertinent has been his years of service as President and Director of the Federal Home Loan Bank of San Francisco, and his 22 years as President of Pacific First Federal, largest savings and loan institution in the Pacific Northwest.

Jerry Grinstein suggested I personally bring this to your attention.

With best personal regards.

Sincerely,

HDK/s
Enc.

BIOGRAPHY OF GERRIT VANDER ENDE

1926 - 1942 Secretary-Manager, Berkeley Guarantee Savings and Loan Association, Berkeley, California

1937 - 1937 Deputy to Frank C. Catlett, Member Federal Home Loan Bank Board (on leave from Berkeley Guarantee S & L Assn.)

1942 - 1946 City Manager of City of Berkeley, California

1946 - 1948 President, Federal Home Loan Bank of San Francisco

1948 - 1970 President and Chairman of the Board
Pacific First Federal Savings and Loan Association
Tacoma, Washington

1970 - Chairman of the Board
Pacific First Federal Savings and Loan Association

1948 - 1955 Director, Federal Home Loan Bank of San Francisco

1960 Received Honorary Degree, Doctor of Laws
Pacific Lutheran University, Tacoma, Washington

1968-69 Listed in Who's Who in America

AFFILIATIONS:

Past President, National League of Insured Savings Assns., Washington, D. C.

Past President, California State League

Chairman	Housing Authority, City of Tacoma
Director	Puget Sound National Bank, Tacoma
Director	Northwestern Drug Company, Tacoma
Director	United Pacific Insurance Company, Tacoma
Director	International Union of Building Societies and Savings Associations, England

Trustee and	
Treasurer	University of Puget Sound, Tacoma
Trustee and	
Vice President	Washington Research Council
Trustee	Tacoma General Hospital
Trustee	Industrial Conference Board, Tacoma

Member	Legislative Committee, U. S. Savings & Loan League
Member	Bonneville Power Administration Advisory Council
Member	Rotary Club of Tacoma
Member	Tacoma Club
Member	Tacoma Country & Golf Club
Member	Tax Advisory Council, State of Washington
Member	International Development Committee on Savings and Loans

Honorary	
Member	Alpha Kappa Psi Fraternity

9

GENERAL

FG 267

FI 2

April 15, 1970

Mr. Gaylord A. Freeman, Jr.
Chairman of the Board
The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Dear Mr. Freeman:

Many thanks for your letter of April 8. You put well the problem regarding the position of both Senator Sparkman and the Administration on the one bank holding legislation. While you say that you hope hearings will not be heard this year, I am sure that your primary concern is that the legislation not be passed this year.

We are moving ahead with the President's Commission on Financial Structure and Senator Sparkman is well aware of the steps being taken and is being consulted fully. Therefore, I believe that the line of the action set forth in your letter to me is generally being followed.

As you know, it is the Administration's position that responsible legislation on one bank holding companies should be passed at the earliest practicable moment. The Administration supports the legislation that the House Committee sent to the Floor. It is our hope that this type of legislation will eventually prevail.

With best regards,

Sincerely yours,

Peter M. Flanigan
Assistant to the
President

RECEIVED
APR 21 1970
CENTRAL FILES

THE FIRST NATIONAL BANK OF CHICAGO



GAYLORD A. FREEMAN, JR. / CHAIRMAN OF THE BOARD

April 8, 1970

Dear Mr. Flanigan:

Though I have not had the pleasure of meeting you, I was long an admirer of your very able father and hope one day to make your acquaintance.

In the meantime, I am taking the liberty of enclosing a copy of a letter which I wrote some time back to Senator Percy, in which I attempted to present the arguments in favor of not having hearings on the one bank holding company bill at this time. I hope that you may find the time to read this through.

In speaking to the Reserve City Bankers last Sunday night, Senator Sparkman created the impression that he was quite willing not to hold hearings if anyone in a position of influence suggested a postponement pending the work of the President's Commission.

I realize that, inasmuch as the Administration proposed one bank holding company legislation last year, it might find it awkward to take a different position today. However, I would hope that the prospect of the Commission's objective analysis (if the members of the Commission could be announced shortly) might very properly warrant a postponement of the consideration of that legislation, for the present Congressional attitude is more punitive than objective.

Yours sincerely,

Mr. Peter M. Flanigan
Assistant to the President
Executive Office of the President
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

THE FIRST NATIONAL BANK OF CHICAGO

GAYLORD A. FREEMAN, JR. / CHAIRMAN OF THE BOARD

February 13, 1970

Dear Senator Percy:

Knowing your willingness to consider all sides of disputed issues, I would like to express my hope that the Senate Banking and Currency Committee will not take any action on HR 6778 at this time.

My position is essentially as follows:

- I. The Government has caused the banks to increase their interest rates.
- II. Yet, the Congress is irritated with them for having done so.
- III. This irritation has caused the Congress to take a punitive attitude toward the banks.
- IV. This congressional hostility is entirely unwarranted.
- V. The Congress should not act on HR 6778 or any other bank legislation until there has been an objective review of our financial institutions and the regulation thereof.

Let me expatiate on each of these five points.

- I. The Government has caused the banks to increase their interest rates.

The Congress deplors inflation. It would like to see the price rise moderated. It could achieve this in any one of five different ways.

A. Congress itself could:

1. impose wage, price and dividend controls;
2. reduce governmental expenditures;
3. increase taxes;
4. impose direct credit controls; or
5. rely on the Federal Reserve to fight inflation through monetary policy.

1. Wage, price and dividend controls would be unpopular and of uncertain effectiveness. Consequently, Congress has not elected to adopt such controls.

2. A reduction in governmental expenditures is unpopular and difficult. Congress has not reduced expenditures though it has slowed the rate of rise.

3. Increased taxes are always unpopular. Congress did impose the surcharge for a period but now has provided for its termination.

4. Direct credit controls (restricting access to credit for certain segments of the society) would be unpopular with the groups so affected, and such controls do discriminate. Congress has not taken such action.

5. Thus, Congress has elected not to take any sustained and effective anti-inflationary action itself but, instead, has relied on the Federal Reserve to take such action as it may determine is necessary.

B. The Federal Reserve has two methods of fighting inflation. The Board may:

1. impose direct controls (on consumer credit, business credit, stock market borrowing, etc.); or
 2. restrict the growth of the money supply.
1. Direct controls (whether imposed by the Board or the Congress) are resented by the segment of the public directly affected. The Board, like the Congress, has preferred to avoid this resentment.
 2. Thus, the Board elected the other alternative, which was merely to restrict the growth of (or actually reduce) the money supply.

Restricting the money supply has been accomplished by reducing the overall reserves of the banking system (see Appendix A). This action has been made more effective by imposing non-competitive ceilings on the maximum rates which the banks can pay for corporate CD's and for savings deposits. The effect of this has been to reduce the funds available to the larger "money market" banks (which have felt the greatest demand for funds).

If the money supply is restricted during a period of expanding demand (as was the case during the past year and is at present), credit becomes (a) scarce and (b) expensive. This is precisely what the Federal Reserve has intended. It is what has happened.

a. Why did credit become scarce?

Because the Federal Reserve held currency and demand deposits at a static level from June, 1969, to last December and actually reduced the total of currency, demand and time deposits (see Appendix B).

b. Why did credit become more expensive?

For two reasons.

(i) Demand pull. Any commercial item in great demand and short supply will experience a rise in price as those who desire the product bid up the price. This is what the Federal Reserve intended -- to let the free market (price) determine the allocation of funds rather than to allocate them by direct controls.

(ii) Cost push. In 1969 the large money market banks (which lost the most corporate CD's because of the non-competitive interest rate ceilings imposed by the Federal Reserve), anxious to provide credit for the normal needs of their established customers, purchased federal funds (the excess funds of the smaller banks which did not have a large demand for loans) at continuously rising rates of interest. (These averaged 4.22 percent in 1967, 5.66 percent in 1968, and 8.22 percent in 1969, rising in the second half of 1969 to an average of 8.96 percent). In addition, as the total of such available funds was insufficient to satisfy the proper demands of business and the consumer, the larger banks (which experienced the greatest loan demand) sought additional funds elsewhere. Eurodollar borrowings rose steadily from \$8.5 billion at the beginning of the year to a peak of \$15 billion and for the year averaged about \$12 billion. The borrowings were at an average rate of 8.4 percent in the first half of 1969 and an average rate of about 10.5 percent during the second half of the year.

Because of the strong demand for bank credit and the high cost of the money purchased to supply the increased demand for loans, many banks raised the rates they charged their customers. Since December, 1968, the "prime" rate has been raised from 6-3/4 to 7 percent (on January 8*) and then to 7-1/2 percent (on March 17) and finally to 8-1/2 percent (on June 9, 1969).

These increases in bank interest rates are the direct, predictable and intended result of the Federal Reserve's restrictive monetary policy. The Federal Reserve felt called upon to adopt such a restrictive policy to fight excessive inflation because the Congress had not elected to adopt adequate anti-inflationary measures itself. Thus, the Government brought about conditions that caused the increase in bank interest rates. The banks were, in effect, the instruments of the Government's restrictive policy.

*Dates relate to increases announced by The First National Bank of Chicago.

- II. Yet, the Congress is irritated with the banks for their having raised rates.

As might be expected, the combination of tight money and markedly higher interest rates proved generally unpopular. It was discriminatory in effect as it substantially increased the overall cost of those goods (such as homes) which are bought on credit and paid for over an extended period. It, thus, slowed home construction both because of the higher cost of money -- interest rates -- and the uncertainty of the availability of construction financing. To a lesser extent, these same factors affected sales of other products. This was, of course, the intention of the Federal Reserve, but it was nevertheless unpopular.

This general resentment caused considerable congressional irritation with the banks.

- III. This irritation has caused the Congress to take a punitive attitude toward the banks.

The Congress in HR 13270, Section 585, reduced the amount the banks can deduct from taxable income as an addition to reserves for bad debts. I asked a good friend of mine on the House Ways and Means Committee why they did this. "Because the majority of the Committee is irritated with the banks over the high interest rates and feels that they don't pay enough in taxes. There is no point in arguing that you need these reserves, for, if we didn't increase your taxes this way, we would do it in some other way."

HR 13270, Section 433, eliminated the asymmetrical treatment of gains and losses on securities. You may recall that in 1942, at the request of the Treasury (not of the banks), the Congress, in order to induce the banks to buy Treasury bonds (the proceeds of which the Government would use to finance the war), provided that gains on such bonds would be treated as capital gains but that losses could be taken against ordinary income. This was a special "break" accorded the banks in order to induce them to buy Government bonds. Induced by this favorable tax incentive, the banks did buy the bonds, in fact, tens of billions of dollars of them in the years since. Thereupon, having induced the banks to buy the bonds,

the Congress withdrew this privilege. If the Congress had merely terminated the privilege in respect of future issues or even future purchases, we would have no complaint, but the Government induced a purchase by offering a benefit and then unilaterally cancelled the benefit. If a banker or a businessman did this, he would be civilly and perhaps criminally liable.

I believe that the Treasury, although in favor of the termination of the earlier treatment, is embarrassed by the inequitable way it was accomplished, but Congress apparently did not feel that it was necessary to be fair to the banks.

HR 6778, which has been referred to the Senate Banking Committee, originated as an attempt to bring holding companies which own or control a single bank under the same federal regulation as those companies which own or control two or more banks. The House Banking and Currency Committee, after lengthy public hearings, reported out a carefully considered (albeit debatably unnecessary) bill which would have limited the activities of companies owning one or more banks to those activities which the Federal Reserve Board determined to be functionally related to banking.

We bankers didn't like that bill, but many felt that we could live with it.

When, on November 5, 1969, the Committee bill was considered on the floor, very few members were present, but there were present spokesmen for a variety of special interest groups. As a result, a small minority of the House rejected the Committee bill and, by amendments from the floor (the most important of which were approved by votes of 50-25 and 31-28), rewrote the entire measure.

The bill as passed by the House is a severe curtailment of the banking business. It would prevent not only holding companies and banks owned by holding companies but also, by implication, all banks subject to federal regulation from providing six financial services: insurance, data processing, accounting, leasing, travel services, and co-mingled investment trusts.

These several legislative actions reflect not only a critical but a punitive attitude.

IV. This congressional hostility is entirely unwarranted.

If the congressional irritation is analyzed objectively, it would seem to consist of two assumptions:

First, that the banks acted arbitrarily in raising interest rates; and

Second, that the large banks reaped unreasonable profits as a result.

I believe that an objective analysis would indicate that both of these assumptions are unfounded.

A. The banks did not raise interest rates arbitrarily.

Let us recall why the banks raised their interest rates. They did so in order to cover, at least partially, the high cost they had to pay for funds they were obliged to borrow if they were to meet the increased demand for loans. Why did they have to pay such high rates? Because the Federal Reserve had limited the supply which they could obtain domestically and forced them into the Eurodollar market as set forth in Section I B 2 b (ii) above. Why did the Federal Reserve force the banks to seek these expensive funds? Because it wanted to fight inflation. Why did the Federal Reserve have to fight inflation? Because the Congress failed to take adequate action.

B. The large banks did not reap unreasonable profits as a result of the increased interest rates.

1. 1969 earnings of the large money market banks were not high.

In part, the congressional criticism has been due to the fact that it is always safe and generally popular to criticize bankers. The bankers don't control many votes, and no one likes to pay high rates. This congressional bias was strengthened further by the thought that the banks were "getting rich" as a result of these high interest rates. The majority of smaller banks were able to loan their excess funds to the ten or twelve money market banks at an average of 8.22 percent, or to invest in Treasury bills paying up to 8.3 percent (on an interest bearing basis) or to buy seven-year Government notes at the rate of 8 percent as against the average return on Treasury bills of 3.8 percent as recently as May, 1967.

Although aggregate figures are not yet available, it would appear that the great majority of the smaller banks did far better than ever before and earned a fine return on their capital accounts.

But this is not true for the handful of the large money market banks (roughly the top ten banks which are the most interested in one bank holding companies). These few large banks were the hardest hit by the Federal Reserve imposed ceilings on interest rates which they could pay (they lost billions of dollars of deposits in negotiable CD's). These same few banks were also faced with the sharpest increase in demand for loans. In these circumstances, they were forced to pay the high Eurodollar rates of interest for large sums of money.

As a consequence, these large banks did not receive any unwarranted profits. Most of them experienced some increase in income (partly through fewer loan losses), but their increase was not great.

Although I do not have complete figures for all of these banks, press reports indicate the following:

	1969 Income before Security Gains or Losses (millions)	Change 1968-1969	1969 Income as a Return on Average Capital Accounts
Bank of America	\$153.8	12.8%	13.7%
First National City-NY	130.6	8.4	11.5
Chase Manhattan	114.6	(3.3)	11.2
Manufacturers Hanover	78.3	12.8	12.7
Morgan Guaranty	83.6	N.A.	11.9
Chemical	68.8	N.A.	11.7
Bankers Trust	46.9	N.A.	10.3
Continental	52.7	4.2	10.5
First National-Chicago	52.8	10.2	9.5
Security Pacific	55.8	15.5	12.5
Average for the banks reporting		8.7	11.7
Average return on net worth of the 500 largest manufacturing corporations (1968)			12.2

These figures would suggest that for most of the large banks 1969 earnings were only modestly above 1968 and that, as a return on capital accounts, bank earnings were somewhat below recent earnings of manufacturing concerns.

Thus, the 1969 reported earnings of the large banks were not excessive.

2. Reported earnings do not fully reflect the adverse effect of higher rates on bond holdings.

If we are seeking an objective appraisal of the impact of high interest rates on bank earnings, we should consider not only reported earnings but also the effect of rising interest rates on the value of bonds held by the banks. In the case of our bank, the decline in the market value of our bonds as of the end of 1969 was greater than our entire income before security gains or losses. While I do not have figures from all of the other large banks, I believe that this is also true of most of them.

Although, if we hold these same bonds, they can be expected to appreciate when interest rates fall, the immediate impact of the higher interest rates was no blessing to the larger banks.

3. The market evaluation of bank stock reflects these facts. The price earnings ratio of the ten largest banks (as of February 11) are shown below:

	Price/Earnings Ratio as of 2-11-70, <u>Using 1969 Earnings</u>
Bank of America	12.8%
First National City-NY	13.9
Chase Manhattan	14.0
Manufacturers Hanover	11.0
Morgan Guaranty	13.8
Chemical	11.8
Bankers Trust	13.9
Continental	11.7
First National-Chicago	9.3
Security Pacific	10.8
Average for the 10 largest banks	12.3

The average price earnings ratio for the banks was 12.3 times. This compares with the average price earnings* ratio of the Dow-Jones Industrials (as of the same date) of 12.7 times and of the average price earnings ratio of Standard & Poor's 425 corporations (also as of the same date) of 15.2 times. Thus, the market reflects a relatively bearish attitude toward the profit performance of the large banks.

The foregoing figures suggest that for the large banks:

(i) the year 1969, despite a substantial increase in loans at risk, was a better year than 1968 though not remarkably so in terms of income, but a disastrous year if the bond depreciation were to be deducted from earnings;

(ii) they earned a lower return on net worth than the average for manufacturing concerns; and

(iii) the market considers bank stock as a less attractive investment than most other companies.

Thus, our one "crime" consisted in doing what the Federal Reserve required us to do (to raise rates). The Fed imposed this burden on us because it had full anti-inflationary responsibility as a result of the Congress being unwilling to assume that responsibility itself. Furthermore, the "crime" was not one which we sought, and it did not enrich us.

Thus, the current critical attitude of Congress is unjustified.

V. The Congress should not act on HR 6778 or any other bank legislation until there has been an objective review of our financial institutions and the regulation thereof.

I urge this for these reasons:

A. Some members of the Congress do not appear to be in a mood for objective analysis of the public interest in bank legislation.

The events outlined above suggest that the Congress is critical of banking, or of large banks, and quite unjustifiably so. It may also be that in 1969 Congress felt it should take some action to limit or punish conglomerates but didn't know how to do so. A one-bank holding company may have been looked upon as a sort of mini-conglomerate and was easy to attack, especially with interest rates high and banks consequently unpopular.

*Based on estimated 1969 earnings of \$59.50 for Dow-Jones Industrials and \$6.30 for Standard & Poor's 425 corporations.

- B. HR 6778, a so-called "one bank holding company bill," is not that but, by implication at least, a bank bill.

It implies new restrictions on all banks, not just those controlled by holding companies.

Representative Wright Patman emphasized the applicability of these amendments to all banks when he stated in floor debate:

"I want to make it clear that when the Congress says that the activities listed in section 4 (f) of the Bank Holding Company Act as amended by this bill are neither necessary, incidental, nor related to banking, we mean just that. Therefore, the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation and the courts should take into consideration this statement of legislative policy when considering what is incident to banking under the banking laws."

For years, many banks have been providing insurance, travel service, etc. There has been no showing of abuse in their doing so. Yet, without regard for the public interest, but solely to eliminate bank competition in these fields, HR 6778 would prohibit banks from continuing to offer these services to the public. This would be the effect of that bill even on the small banks which had no relationship at all with any holding company.

This does not appear to be the appropriate moment for congressional enactment of objective bank legislation. There is too great a risk that any action at this time would not be in the public interest.

- C. In the absence of any emergency, bank legislation should be postponed pending the outcome of the presidential commission to study banking.

The President has announced that he will appoint a Commission on Financial Structure and Regulation to conduct "a thorough examination of needed changes in our financial institutions and our regulatory structure." Presumably, this commission will consider the public interest in extending or in limiting the scope of bank (and bank holding company) activities. Some such examination is highly desirable.

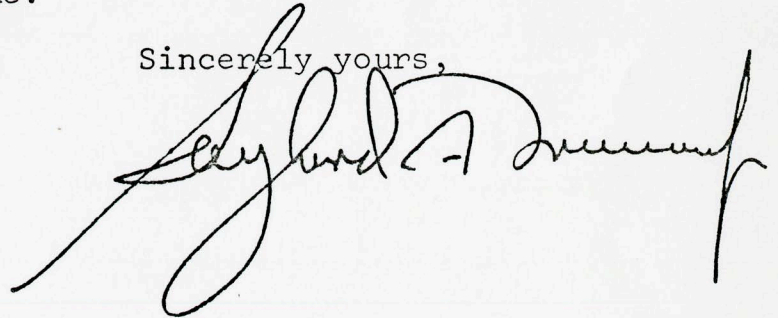
In the meantime, in the absence of an emergency, it is neither necessary nor wise to enact more anti-competitive legislation in respect of which there has been no such study.

Senator Percy, I apologize for writing you at such length and on an issue on which it would be so much easier for you to take an immediately popular position of punishing the banks rather than have to study the underlying causes of high interest rates. However, I have admired your willingness to take the more difficult course of objective analysis in other cases and hope that you will do so in this case.

As I look back over this letter, I fear that I may have expressed myself too strongly, but I know that you will understand my desire to state my case as explicitly as possible.

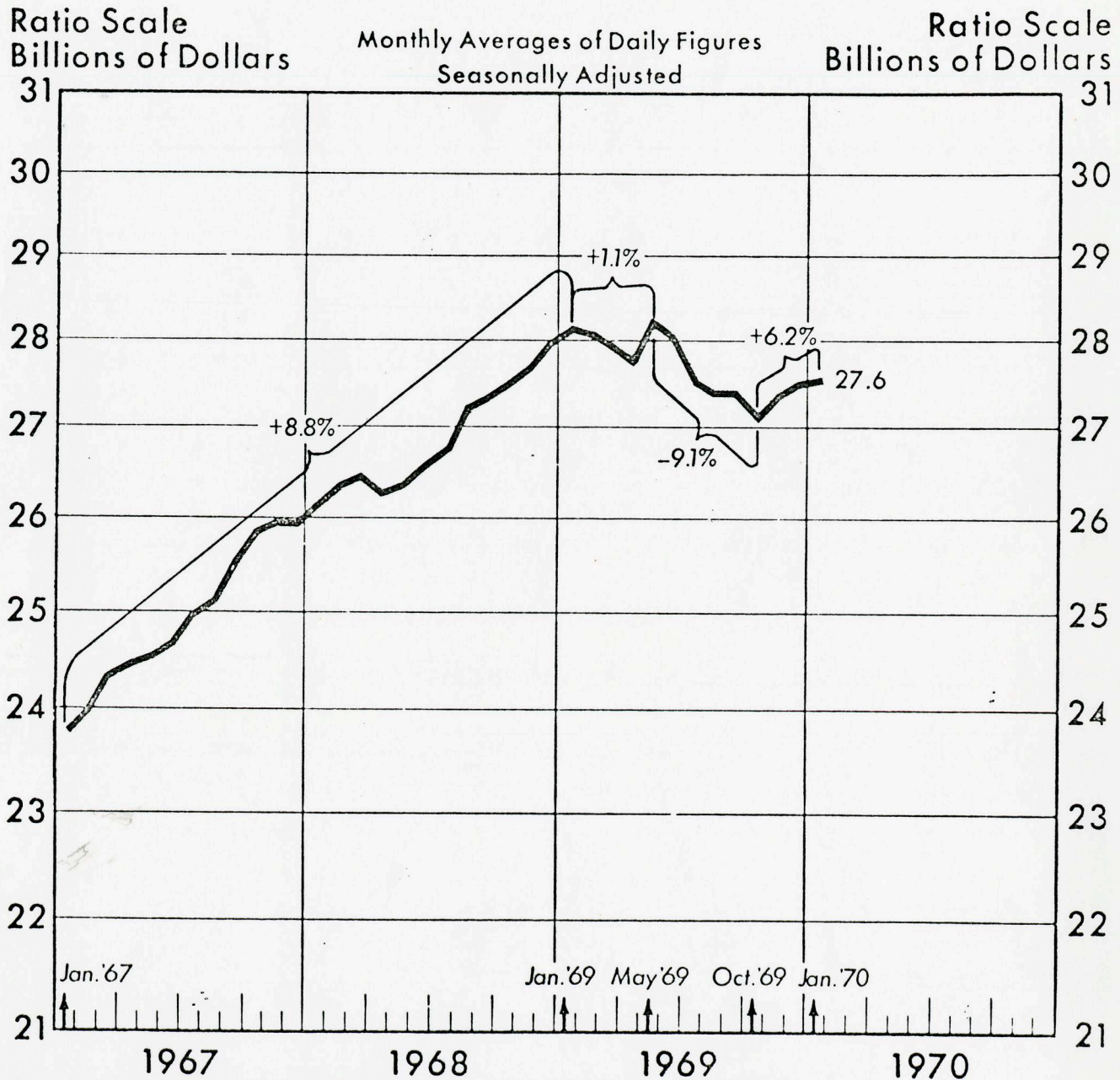
If you have any questions on which you think I could possibly be helpful, please call upon me.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Richard A. Nixon", written in a cursive style.

The Honorable Charles H. Percy
Room 1200
New Senate Office Building
Washington, D. C. 20015

Reserves of Member Banks*



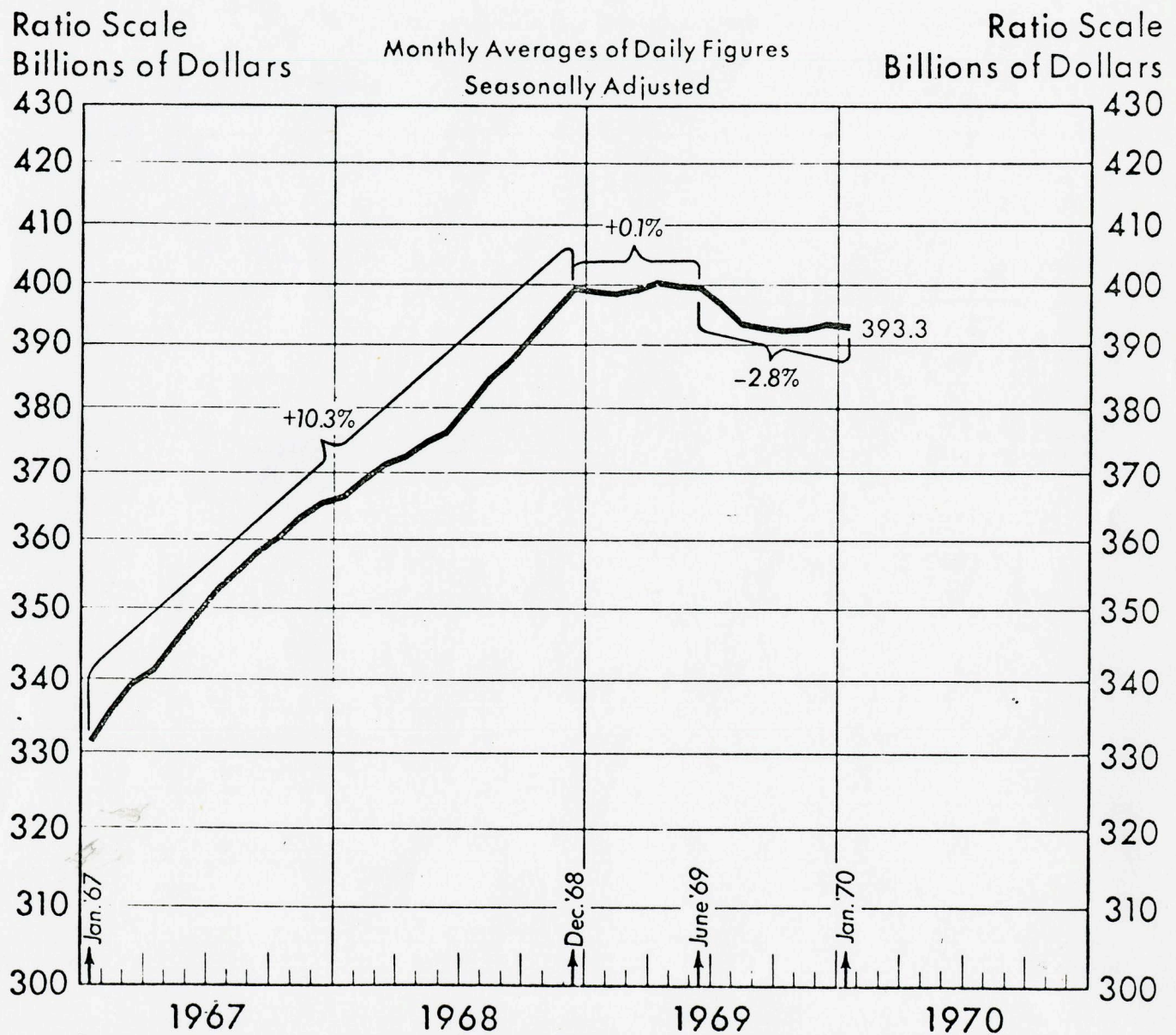
*Data before May 1969 have been adjusted for estimated effect of reserve requirement changes. Current data exclude increase in required reserves due to changes in Regulations M and D, effective October 16, 1969

Percentages are annual rates of change between periods indicated. They are presented to aid in comparing most recent developments with past "trends."

Latest data plotted: January preliminary

Prepared by Federal Reserve Bank of St. Louis

Money Stock Plus Time Deposits



14
GENERAL

FG 267

FG 33-4

FG 36-5

April 29, 1970

Dear Mr. Chairman:

This will acknowledge your letter to the President of April 27 regarding current legislative action on one-bank holding companies legislation, with additional reference to action in the Senate Banking Committee. You may be assured that your letter will be brought to the President's early attention.

With cordial regard,

Sincerely,

William E. Timmons
Assistant to the President

Honorable Wright Patman
Chairman
Committee on Banking and Currency
House of Representatives
Washington, D. C. 20515

bcc: w/inc to Peter Flanigan for DRAFT REPLY (and copy of 4/21 Presidential letter to Senator Sparkman)

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WRIGHT PATMAN
FIRST DISTRICT
STATE OF TEXAS

WASHINGTON ADDRESS:
222 BAYBURN HOUSE OFFICE BUILDING
20515

HOME ADDRESS:
P.O. BOX 1868, TEXARKANA, TEXAS
75501

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEES:
BANKING AND CURRENCY, CHAIRMAN
JOINT ECONOMIC COMMITTEE, CHAIRMAN
JOINT COMMITTEE ON DEFENSE PRODUCTION,
VICE CHAIRMAN
SMALL BUSINESS OF THE HOUSE

Texarkana, Texas
April 27, 1970

The President
The White House
Washington, D. C.

My Dear Mr. President:

131
As you know, we are entering a critical period in efforts to gain enactment of effective regulation of one-bank holding companies. I hope sincerely that we will continue to have firm support from your Administration for prompt and effective legislation before the adjournment of the 91st Congress.

However, I am deeply concerned by reports that have reached me in recent days. Your letter of April 21 to Senator John Sparkman has been widely reported in the press and the general interpretation has been that the letter represented a request for a delay in enactment of this legislation.

For example, the lead paragraph in a story written by Jan Nugent Pearce in the Washington Post of Wednesday, April 22, states:

"The Senate Banking Committee decided yesterday to begin hearings on a bill to regulate one-bank holding companies, after rejecting a strong hint from President Nixon to delay action on the legislation until his yet-to-be-appointed commission on the nation's financial structure can make an interim report on the issue."

Your letter to Senator Sparkman says that the new Presidential Commission on Financial Structure and Regulation will not begin work until June 1. Your letter then suggests that the Commission could make available an "interim" report on one-bank holding companies in "two or three months."

President

Page Two

April 27, 1970

The letter, coming just as the Senate Banking and Currency Committee was scheduling hearings, appears to be a strong suggestion that the Congress delay action until it is too late to enact legislation this year, thus killing the House-passed holding company bill. In any event, the timetable suggested by your letter would place receipt of the "interim" Commission report near the very end of the 91st Congress.

Mr. President, I am very surprised that you have injected the new Commission into the holding company issue, particularly after I had received assurances from Dr. Paul McCracken, Chairman of the Council of Economic Advisors, and others that the Commission was not intended as a tactic to delay one-bank holding company legislation.

Only slightly more than a year ago, on March 24, 1969, you told the Congress:

"Legislation in this area is important because there has been a disturbing trend in the past year toward erosion of the traditional separation of powers between the suppliers of money -- the banks -- and the users of money -- commerce and industry.

"Left unchecked, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. This must not be permitted to happen; it would be bad for banking, bad for business, and bad for borrowers and consumers.

"To protect competition and the separation of economic powers, I strongly endorse the extension of Federal regulation to one-bank holding companies and urge the Congress to take prompt and appropriate action."

Again, I call your attention to your request for Congress to take "prompt and appropriate action." Mr. President, I trust this remains your sentiment and that your April 21 letter was not intended as a reversal of Administration desires for legislation.

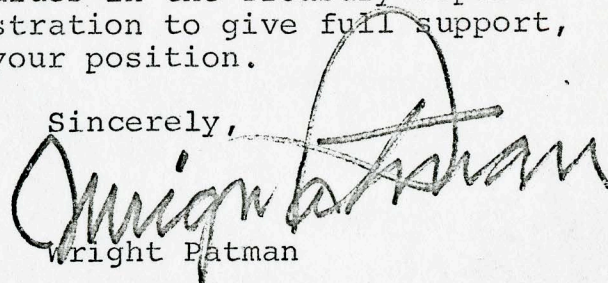
President

Page Three

April 27, 1970

This matter is of vital importance to all citizens, and I hope sincerely that you will publicly re-urge prompt action on one-bank holding company legislation in the 91st Congress and that you will instruct your aides in the Treasury Department and elsewhere in the Administration to give full support, both publicly and privately, to your position.

Sincerely,

A handwritten signature in dark ink, appearing to read "Wright Patman". The signature is stylized with a large, looped initial "W" and a long, sweeping horizontal stroke across the middle.

Wright Patman

GENERAL 443 ①

FG 274

FG 267

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON LIVESTOCK AND GRAIN
FAMILY FARMS AND RURAL DEVELOPMENT

Congress of the United States

May 4, 1970

House of Representatives

Washington, D.C. 20515

Dear Mr. Melcher:

The President has received and I am pleased to acknowledge your recent letters enclosing correspondence indicating the interests of the Montana Credit Unions League and the Daniels County Federal Credit Union in recommending candidates for appointment to the National Credit Union Administration and the Commission to Study the Nation's Financial Structure.

The Honorable Richard M. Nixon

Thank you for bringing these endorsements to the attention of the President. You may be assured that careful consideration will be accorded the individuals recommended by the Credit Union Leagues in Montana.

Enclosed are copies of letters I have received indicating the interests of the Montana Credit Unions League in candidates for appointment to the advisory board and administratorship of the National Credit Union Administration and the Presidential Commission to Study the Nation's Financial Structure.

Sincerely,

I thought William E. Timmons

Assistant to the President

Kindest personal regards.

Sincerely,

Honorable John Melcher
House of Representatives
Washington, D.C. 20515

bcc: Harry Flemming w/inc.
Malise Bloch w/inc.

WET:lm

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GENERAL

FI 2

FG 267

May 13, 1970

Dear Mr. Chairman:

The President has asked me to respond to your letter of April 27, inquiring as to the Administration's position on legislation to regulate one-bank holding companies.

As is indicated in the enclosed testimony of the Under Secretary of the Treasury before the Senate Banking and Currency Committee on May 12, we continue to support the Administration bill -- S.1664 -- but are opposed to H.R. 6778 as it passed the House of Representatives.

Sincerely yours,

Peter M. Flanigan
Assistant to the
President

Honorable Wright Patman
House of Representatives
Washington, D. C. 20515

Enclosure

RGA

Richard Garbett Associates

CONSULTANTS: GOVERNMENT RELATIONS AND POLITICAL COMMUNICATIONS

May 15, 1970

MEMORANDUM FOR PETER FLANIGAN

SUBJECT: THE PRESIDENT'S COMMISSION ON FINANCIAL STRUCTURE
AND REGULATIONS

I am very much interested in helping Ed Johnson, President and Chairman of the Board of Financial Federation, Inc., of Los Angeles, in his quest for an appointment to the subject commission. I understand that Ed is being considered as the representative of the Savings & Loan industry.

I do want to point out that Ed Johnson is a personal friend and I have no business connections with him whatsoever. We became acquainted during my tenure on the staff of the National Committee. I am sure that he possesses all the necessary business and professional qualifications for the position in good measure. In addition, I have been impressed with his unswerving support for the President and his policies as well as untiring work and financial support for the party. Ed is Chairman of the United Republican Fund finance dinner to be held shortly in the Palladium in Los Angeles and he has demonstrated his willingness to "lay it on the line" for the party and the President with both time and money. He was one who travelled cross-country to attend the recent House & Senate Majority Fund Raising Dinner in Washington.

I know that Ed wants to be of service both to the President and to his field of business, feels that he deserves some recognition, and could be counted on to be one of our staunchest supporters, including financially, if he were to obtain the appointment.

I will very much appreciate any consideration and help you might be able to give to Ed Johnson.

many thanks, Phil

1101 SEVENTEENTH STREET, N.W. WASHINGTON, D.C. 20036 (202) 233-2435

GENERAL

PE 2

F6267

June 1, 1970

Dear Mr. Smith:

I have your note of May 25th and appreciate the interest which prompted your inquiry.

Attached is a copy of the release announcing the appointment of Mr. Reed Hunt as Chairman of the Commission about which you write. Since there has been no announcement of the appointment of additional members of the Commission and offices have not been set up, I can only suggest that you may want to write to Mr. Hunt at his San Francisco address -- 1 Bush Street.

Sincerely,

William J. Hopkins
Executive Assistant

Mr. Clyde W. Smith
607 Capital National Bank Building
Austin, Texas 78701

Enclosure -- PR of Apr 22, 1970.
WJH:rah

JENNINGS RANDOLPH, W. VA., CHAIRMAN
STEPHEN M. YOUNG, OHIO
EDMUND S. MUSKIE, MAINE
B. EVERETT JORDAN, N.C.
BIRCH BAYH, IND.
JOSEPH M. MONTOYA, N. MEX.
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RICHARD B. ROYCE, CHIEF CLERK AND STAFF DIRECTOR
J. B. HUYETT, JR., ASSISTANT CHIEF CLERK
M. BARRY MEYER, COUNSEL

United States Senate

COMMITTEE ON PUBLIC WORKS
WASHINGTON, D.C. 20510

GENERAL

FG274

FG267

PR13/ST49

June 9, 1970

X
Mr. J. Orrin Shipe, Managing Director
XCUNA International, Inc.
1617 Sherman Avenue
Box 431
Madison, Wisconsin 53701

Dear Mr. Shipe:

Thank you for your June 5 letter enclosing a copy of a resolution unanimously adopted by your Board of Directors expressing your strong support of seven Credit Union leaders for appointment by the President to the National Credit Union Board.

As a Democratic member of the Senate, I do not anticipate that I will be consulted with respect to these presidential appointments, but as a courtesy to you, I was glad to make a copy of your letter and resolution available to the proper authority at the White House, requesting that your Association's recommendations be given full and careful consideration.

When I have a report, I will send you a copy of it.

Meanwhile, with all best wishes,

Sincerely,

X
B. Everett Jordan, USS

BEJ:prc

Nothing else sent to
Central Files as of 6-24-70

GENERAL

6

FG274

PR 10

PR 13

FG267

Lee 6-17
7 HOUSE OF REPRESENTATIVES, U.S.
WASHINGTON, D.C.

15 June 1970

....., 196....

BT
Respectfully referred to

Executive Office of the Pres.
The White House Office
1600 Penn. Ave.
Washington, D. C. 20500

(1) In an effort to help my constituent, please furnish me with a full and complete report, in duplicate, to accompany RETURN OF ENCLOSURE.

(2) Your reply should be addressed to:

X
Congressman Bob Casey
2353 Rayburn Building
Washington, D.C. 20515

Many thanks,

Bob Casey
M.C., 22nd District
Texas

X
CUNA INTERNATIONAL INC.

X
J. ORRIN SHIPE

GENERAL

FG 267

July 14, 1970

Dear Senator Hruska:

Thank you for advising the President, per your recent telegram, of your strong support for the appointment of Mr. James ~~X~~Kemper, Jr. to the Commission on Financial Structure and Regulation.

Your recommendation and your request that Mr. Kemper be given careful consideration are, of course, appreciated. Unfortunately, the President has made his appointments (on June 16) to the Commission and no additional vacancies are anticipated at this time.

However, in the event of the enlargement of the membership, I have submitted Mr. Kemper's name for review and evaluation to the President's Special Assistant for personnel matters.

With warm regard,

Sincerely,

BILL

William H. Timmons
Assistant to the President

Honorable Roman L. ~~X~~Hruska
United States Senate
Washington, D.C. 20510

bcc: Malise Bloch w/inc.

Ken BeLieu FYI

WET:lm

3

RECEIVED
JUL 17 1970
CENTRAL FILES

The White House
Washington

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WW SNA116 LG GOVT PDB 1 EX SN WASHINGTON DC 30 253P EDT 1970 JUN 30 PM 3 42

THE PRESIDENT

THE WHITE HOUSE WASHDC

IT IS MY UNDERSTATNDING THAT MR. JAMES KEMPER, JR. OF CHICAGO IS UNDER CONSIDERATION FOR APPOINTMENT TO THE PRESIDENT S COMMISSION ON FINANCIAL STRUCTURE AND REGULATION.

THE PURPOSE OF THIS TELEGRAM IS TO ENDORSE ENTHUSIASTICALLY HIS CONSIDERATION. HE WOULD BRING A FRESH AND INNOVATIVE VIEWPOINT TO THE COMMISSION S DELIBERATIONS AND WOULD PERFORM OUTSTANDING SERVICE.

WITH KIND REGARDS, SINCERELY
ROMAN L HRUSKA U S SENATOR NEBRASKA

(311).

GENERAL

FC 267

February 11, 1970

Dear Mr. Chairman:

This will acknowledge and thank you for your letter to the President, in which you were joined by Senator Bennett, regarding the Presidential Commission on Financial Structure and Regulation, which the President stated in his Economic Report would be appointed shortly.

Your views that such a commission would be of material assistance to the legislative work of your Committee will assuredly be brought to the President's prompt attention.

With cordial regard,

Sincerely,

BILL

William E. Timmons
Assistant to the President

Honorable John Sparkman
Chairman
Committee on Banking and Currency
United States Senate
Washington, D. C. 20510

bcc: w/incoming to Peter Flanigan for FURTHER ACTION

WET:EF:VO:vo

3

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FEB 12 1970
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GENERAL

FG267

Western White House
San Clemente, California

September 3, 1970

Dear Malcolm:

The President has asked me to thank you for your note of August 20, and the September 1 issue of FORBES.

He was most appreciative for the commentary on the new Commission and wanted you to know that you hit a particularly good point with regard to the importance of having very experienced people included in the membership.

Thanks for the boost, and with every good wish,

Sincerely,

Herbert G. Klein
Director of Communications
for the Executive Branch

X
Mr. Malcolm S. Forbes, President
X Forbes Magazine
Forbes Building
60 Fifth Avenue
New York, New York, 10011

HGK:WP:skw 8/31

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FORBES MAGAZINE

OFFICE OF THE PRESIDENT

August 20, 1970

H

The President
The White House
Washington, D. C.

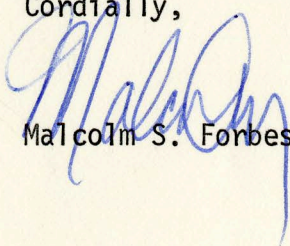
Dear Mr. President:

The lead editorial on page 13 of the forthcoming September 1st issue of FORBES describes the potential importance of the Commission you recently appointed to study the country's private financial institutions. //

I hope its findings prove for your Administration the milestone that the establishment of the Federal Reserve System proved for Woodrow Wilson's.

With warmest good wishes,

Cordially,



Malcolm S. Forbes

MSF/md
Enc.

FORBES BUILDING 60 FIFTH AVENUE NEW YORK, N. Y. 10011

"With all thy getting get understanding"

Fact and Comment

COULD BE

Woodrow Wilson is most remembered as World War I President and for his failed fight to have this country join the League of Nations. One of his most important and lasting achievements, however, came during his first term with the establishment of the Federal Reserve System that for over half a century has been the foundation of our money-banking system.

President Nixon has recently appointed a commission of top-notch citizenry "to review and study the structure, operation and regulation of the private financial institutions in the U.S., for the purpose of formulating recommendations which would improve the functioning of the private financial system."

Vast and fundamental changes in the free market places for capital and of capitalism are at hand: "Liquidity" is a vogue word of the moment for one facet of the problem; the difficulty of raising equity capital under today's conditions and by yesterday's methods is another; the place, even the question of *if* there is a place, for the small individual investor is in question; how to control the con-

stantly growing power of institutional investors, particularly unfiduciary-minded mutual funds which often have the stock blocks to make or break or otherwise dispose of individual corporations; what to do about the takeoverers who so often turn out to be undertakers for the over-taken.

This Nixon commission will be wrestling with recommendations that go to the very essence of a functioning free enterprise economy. Without that free enterprise economy, freedom itself in every aspect is in jeopardy.

In short, what emerges from this Nixon Administration study could be the most far-reaching and impactful since Woodrow Wilson's aforementioned accomplishment.

Contrary to some superficial criticisms that too many commission members are "in the business," that should be a source of strength. After all, sometimes it helps to know a little something about what one is talking about.

And of inestimable value to all of us who work for a living is the fundamental belief of the President and his Administration in the viability and complete desirability of a free but responsible free enterprise system.

TO BE OR NOT TO BE A TRUSTEE

Whether it is the function of corporate directors to actually function has been debated since the evolvement of the corporate structure. There have been no definitive answers. No particular practice has emerged as Dogma.

One provocative and not easily dismissed approach was simply put by Isaiah Bowman, the retiring head of Johns Hopkins University, about his board of trustees:

"Every time the board of trustees meets, the agenda paper should contain but two items. The first item ought always to be, 'Shall we fire the president today?' If the an-

swer is 'yes,' then item two on the agenda paper should be, 'Who are to serve on the committee to select a new president?' The board should then adjourn. But if the decision on the first question is, 'We shall not fire the president today,' number two should be, 'What can we do to support the administration?' . . . Sink or swim; once you are committed to a choice, the administration must be supported."

If there was or ever is a simple answer to the complex question of the function of trustees or directors, that is one not without merit.