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EDITORS NOTE: --- The following background is confidential and is strictly for your personal information. It is designed to give frank intelligence of what is going on behind the scenes of the news and news in the making.

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WASHINGTON--The elimination from the R.F.C. of Eugene Meyer, Governor of the Federal Reserve Board, when the corporation was reorganized toward the close of the last Congress was done at Meyer's request and through the cooperation of Senator Carter Glass. The Democratic leader, while Secretary of the Treasury under Wilson, appointed Meyer to the War Finance Corporation, after which the R.F.C. is modelled, and the two men have been warm personal friends since.

Not only Meyer but his wife personally interceded with Glass to get him relieved from further labor on the Finance Corporation. Mrs. Meyer told Senator Glass that she feared for her husband's health if he continued longer to carry the burden of both the Federal Reserve job and the R.F.C. work. Meyer told Glass that he had become convinced that his duties on the Federal Reserve Board did not permit him to act on the Finance Corporation. As President of the R.F.C. he found that he was frequently called upon to pass on loans to banks which were members of the Federal Reserve. Glass agreed with Meyer on the incompatibility of his two positions and saw to it that he was eliminated from membership on the R.F.C. when it was reorganized.

Another controlling factor in Meyer's decision to get off the R.F.C. board was his sharp disapproval of the liberal lending policy of Secretary of the Treasury Mills, who nominally is only an ex-officio member of the R.F.C., but actually is its most powerful personality. Meyer told close friends that Mills was disregarding sound banking practice in many of the loans made by the corporation, and that he did not want to be involved in the matter when the inevitable congressional investigation occurred.

Meyer and Mills personally have never gotten along well together. Both are domineering men, and there was a long time when Mills, as Under-Secretary of the Treasury, had to sit by while Meyer had the chief say and determined what the policies should be. Now, as Secretary of the Treasury, Mills is the dominant figure in the Hoover administration and has the controlling voice in deciding what course should or should not be pursued.

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