

CONRAD, BRUCE & CO.

EIGHTEENTH FLOOR, RUSS BUILDING
235 MONTGOMERY STREET
SAN FRANCISCO

February 3, 1936

Mr. Marriner S. Eccles
Federal Reserve Board
Washington, D. C.

Via: Air Mail

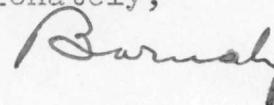
Dear Marriner:

I spent the five hour period on the plane between Washington and Chicago trying to compose a very short letter to the President. It still needs refining and boiling down, and before I send it, I should like to receive from you the figures which you cited the other evening.

Those figures which struck me as being the most important were: (1) The amount of the Government deficit which was incurred under Hoover's administration and which was in existence when Roosevelt took office; (2) the amount of the present deficit and the estimated amount which will accrue for the period ending the next fiscal year, June 30; the composition of this deficit, which I understood from you includes advances to the Reconstruction Finance Corporation, loans to banks, Home Owner Loan advances; and, specific items in the deficit for which Roosevelt is not responsible such as the Soldier's Bonus, the repeal of the A. A. A., etc. I shall appreciate your getting these figures to me as soon as you possibly can by air-mail, so that I in turn can definitely make up my mind as to what I should do at this time, and how.

I thoroughly enjoyed every minute of our evening together, but as you know, I always do like to be with you and I keenly enjoy seeing the way your mind works. It was a genuine pleasure to have seen Mazie; she is an entirely different person. I know how happy this must make you. Give her my love.

Yours affectionately,



BC:w

*Part of file
a m 12*

February 7, 1936.

Mr. Barnaby Conrad,
Conrad, Bruce & Co.,
235 Montgomery Street,
San Francisco, California.

Dear Barnaby:

I was very happy to receive your letter of February 3rd, not only for the kind expressions contained therein with reference to our recent visit, but also because it shows that you are still desirous of doing your bit to educate thinking people regarding the facts involved in the Administration's economic and fiscal policies.

As requested, I am enclosing herewith data prepared by our Division of Research and Statistics which I think answers all your inquiries with the exception of the last one which deals with the anticipated additional deficit caused by the payment of the bonus and the outlawing of the A. A. A. In round figures these items are about as follows:

Bonus	\$2,300,000,000
Impounded processing taxes	200,000,000
Loss of anticipated processing taxes	500,000,000
	<u>\$3,000,000,000</u>

The anticipated budget shown on the attached report as of June 30, 1937, does not include the bonus nor expenditures for the substitute A. A. A. It is now fairly likely that additional taxes together with increasing receipts under existing taxes will offset appropriations under the revised A. A. A. At any rate since these items are somewhat doubtful, it would seem best to discuss the budget without the bonus and the A. A. A. factors, leaving this \$3,000,000,000 upset to one side as something for which the Administration is not in any way responsible.

Mr. Barnaby Conrad - 2.

Some of the items in the attached report may be grouped as given below in order to show at one glance the actual increase of the deficit during the Roosevelt administration.

(000,000 omitted)

Gross debt 2/28/33	\$20,935	
Assets held plus cash	<u>2,628</u>	
Hoover net debt		\$18,307
Roosevelt debt estimated as of 6/30/37		\$31,352
Less:		
Assets held	4,409	
Stabilization fund	1,800	
Cash	<u>2,004</u>	8,213
Roosevelt net debt as of 6/30/37		<u>23,139</u>
Net deficit of Roosevelt administration		<u>\$ 4,832</u>

I think rather than dwell upon what has been accomplished while the above net deficit has been created, I should refer you to the discussion in my New Orleans address before the American Bankers Association, particularly that portion commencing at the bottom of page 2 and continuing to the middle of page 5.

If there is any further information I can send you please do not hesitate to let me know and it will be promptly forthcoming. Also, if you encounter others who would like some data furnished direct or would like a copy of the New Orleans address for instance, this also could be forwarded upon request.

With best wishes always, I am

Yours sincerely,

LC/fgf

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235 MONTGOMERY STREET

SAN FRANCISCO

February 17, 1936

Mr. Marriner S. Eccles,
Federal Reserve Board,
Washington, D.C.

Dear Marriner:

Thank you for your letter of the 7th,
which gave me the information I asked for.

I cannot help but feel that it would be
helpful to the cause of the Administration to
give these figures wide publicity. Without your
permission I should not, of course, give them
to anyone. May I pass them along, and to whom
and how?

Enclosed is a copy of the letter which
I told you I planned to write to the President. *

I am going East again tomorrow and will
be at the Ritz in New York on Sunday morning,
February 23rd. Helen is going with me and we
expect to take an apartment for a month or so.
I will let you know what our address is to be
after we are established. In the meantime the
Ritz will get us.

Yours sincerely,

Barnaby

BC:LH
Enclosure

* I am counting on you to
see he reads it.

February 17, 1936

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

My dear Mr. President:

Two weeks ago, in a very skeptical frame of mind, I went to Washington to see my friend, Marriner Eccles. For twenty years he has been one of my intimates. Therefore, when he told me that, in his opinion, you were doing the best job anyone in the country could possibly do today, and that your primary aim in life was to help the little fellow, I believed him and was impressed.

The little fellow has always needed our help, and probably always will, and I am so strongly in accord with your desire to help him that, on this account, I can condone many acts of the Administration of which I have not approved.

I therefore asked Marriner to tell me what he could of the results obtained and the sums spent in obtaining them. He did so, giving me definite supporting figures which have never been presented to me so clearly and concisely, and with which I am sure the country at large is not familiar.

His speech did more to convince me that the end obtained had justified the means than anything I have yet heard. It was a straightforward business appeal which, if broadcast by him verbatim, might do as much to convince others as it did me. I believe I fairly represent the ordinary type of business man, and I have many friends just like me. A number are at the head of their own companies and many think for themselves. The majority of us have always placed the goodwill of our firms and our clients' interests ahead of our own possible profits, and most of us have raised our employes' salaries

before raising our own. None of us, I believe, is conscious of having participated in the wrong-doing you so justly condemn, and all of us have welcomed the legislation you have enacted to prevent the recurrence of it, though some of us, it is true, are becoming slightly annoyed at being constantly tarred with the same brush you should reserve for crooks.

All of us, without exception, are disturbed by the question raised by Al Smith of how far you and your Administration are prepared to go in restricting individual liberty, and in curtailing the right of self-expression to which every man is entitled to enable him to lead his own life and work out his own problems untrammelled and unhampered by undue Government interference or regimentation. That question is of such vital importance to every American citizen that it takes precedence over every other question before the country today. In my opinion you are the one and only person whose answer will be accepted, and I respectfully add that such answer should not be delayed.

It was that particular fear, held by all of us, which stirred us into action to beat Sinclair in California a year ago. Today I find the same sincere and honest business men (and the majority of us are just exactly that) are lining up solidly, preparing to take off their coats and go to work to defeat you next Fall. If they succeed, I am afraid many will be disappointed in the results obtained, and much suffering may result. Therefore, if the fear is not justified - and from all I have heard of you, I am inclined to think it is not - I believe they should be told so before they get too far under way.

If you believe I am sincere, and have correctly sensed this highly contagious feeling, a word of reassurance and encouragement from you to the business men of the country seems but fair and due them at this time.

With the highest regards, I am

Yours sincerely,

February 29, 1936.

Dear Barnaby:

I have your letter of February 17th enclosing a copy of your letter to the President. I would be somewhat embarrassed to request that he read it, since it would look as if I were blowing my own horn, but I understand indirectly that he has it on his desk, from which I deduce that he either has read it or will read it.

As for the figures I gave you, you are at liberty to use them as you see fit and give them to anybody you wish. They are not confidential.

I think your letter to the President was excellent and should be gratifying to him at a time when so many who should know better are throwing brickbats. I very much appreciate your sending me a copy.

Sincerely yours,

Mr. Barnaby Conrad,
The Ritz Carleton,
New York City.

ET:b

THE WHITE HOUSE
WASHINGTON

PERSONAL

3-16-36

MEMORANDUM FOR GOVERNOR ECCLES:

For your information I enclose copy
of letter which the President has sent to
Mr. Barnaby Conrad.

M. H. McIntyre
Assistant Secretary
to the President.

March 13, 1936

My dear Mr. Conrad:

When I read your very interesting letter of February seventeenth, I put it to one side until I had the opportunity to reply personally.

Even though you were not, as you say, a close friend of Marriner's, your letter would convince me of your sincerity. For that reason I would like the opportunity to talk with you because what you suggest, "a word of reassurance and encouragement to the business men of the country," is not the simple matter it seems.

There are so many ramifications and so many factors that have to be taken into consideration that just a word is not sufficient or convincing.

Frankly, it seems to me that results speak for themselves, and, except for the clamor raised by a bitterly hostile section of the press, nothing is being done by the Government that should cause any uneasiness to the honest business man you refer to. So far as the individual question you raise about the restriction of individual liberties is concerned, I know of nothing that has been done, or is being considered, that interferes with them. Of course if one puts the interpretation that "individual liberty" can be divorced entirely from the joint liberties we all enjoy under a democracy, carping critics find something to attack.

I said, not so very long ago, in one of my radio talks that I wished every individual in the country would organize into a "Committee of One" and find out for himself just what the facts are. I feel very deeply that the honest business men of the country, and I agree with you that they are in the great majority, must not be classified with those utterly selfish, special interest groups who seek over-privilege for the few at the expense of the many.

I am glad you had your talk with Marriner. I am learning more and more that misunderstandings of motives and actions are dissipated by a frank exchange of views. Incidentally, I had a most interesting session of two hours or more the other evening with the representative group of business men who constitute the Advisory Council here. It was helpful to me and, I am sure, to them.

I hope you will let Marriner know when you are coming east again for I would like to arrange to have a talk with you.

Thank you for your very frank letter.

Very sincerely yours,

Barnaby Conrad, Esq.,
Russ Building,
San Francisco,
California.

mwd