

INVESTORS SYNDICATE
MINNEAPOLIS

OFFICE OF THE CHAIRMAN
OF THE BOARD OF DIRECTORS
JAMES TWOHY

April 5, 1949

Hon. Marriner S. Eccles
Member of Federal Reserve Board
Washington, D. C.

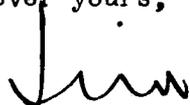
Dear Marriner:

Today's mail brings me THE COMMONWEALTH, the official journal of the Commonwealth Club of California, with its notice of your forthcoming address to that body on "Today's Challenge to Democratic Capitalism."

There need be no explanation on my part, as between us, of my keen interest in the subject and, even more so, in the speaker. In my book, there is no one in the country more entitled to command respectful study of his analysis and conclusions on our difficult fiscal problems.

I suppose you will not have returned to Washington when this note reaches your desk, but when you get it, would you be good enough to send me a few copies of your talk to this address.

As ever yours,


James Twohy

JT:LD

April 8, 1949.

Mr. James Twohy,
Chairman of the Board of Directors,
Investors Syndicate,
Minneapolis, Minnesota.

Dear Mr. Twohy:

This is to acknowledge and thank you for your letter of April 5, addressed to Mr. M. S. Eccles.

Mr. Eccles is still in the West and is not expected back in his office until April 25, 1949. In his absence I am sending you four copies of his address before the Commonwealth Club of California.

Your letter will be called to Mr. Eccles' attention upon his return.

Very truly yours,

Secretary to Mr. M. S. Eccles.

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INVESTORS SYNDICATE
MINNEAPOLIS

OFFICE OF THE CHAIRMAN
OF THE BOARD OF DIRECTORS
JAMES TWOHY

April 11, 1949

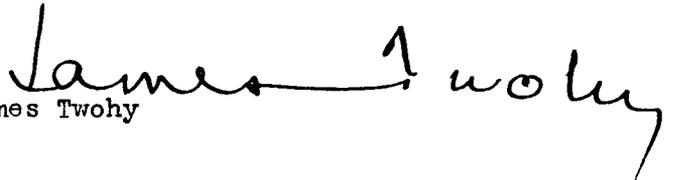
Miss Va Lois Egbert
Secretary to Mr. M. S. Eccles
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Miss Egbert:

Many thanks for the copies of Mr. Eccles' address
before the Commonwealth Club of California, which
are here today. How much better a man's office is
run if he has a competent secretary when he is away!

I hope that I may see you soon and that all goes
well with you.

Sincerely yours,


James Twohy

JT:LD

200 Roosevelt Bldg -
INVESTORS SYNDICATE
MINNEAPOLIS

OFFICE OF THE CHAIRMAN
OF THE BOARD OF DIRECTORS
JAMES TWOHY

April 25, 1949

Honorable Marriner S. Eccles
Member of Federal Reserve Board
Washington, D. C.

Dear Marriner:

I get much more the thrill of recognition than any excitement of novelty out of reading your Commonwealth Club address in San Francisco. Indeed, in the light of historic happenings and upheavals, I wonder how many political scientists and even economists may still quarrel with your familiar outline of our economy and its needs. The free market in its classical form seems a pretty threadbare garment for a modern democracy.

A mixed economy, as you advocate, in which the state is used by its own people to equate private initiative with the common good in order to stabilize the cyclical chart and make room for the new social forces requiring recognition, is a necessary device, I think, to implement present day capitalism and even to preserve it. You indicate very well the dangers and difficulties involved as well as the need.

I am not sure, however, that the collaboration of business statesmanship in places of power, which you ask, will of itself (even if given) be sufficient to shore up the structure; however wise and necessary on paper, it is a kind of self-contradictory and self-stultifying program which even enlightened selfishness on the part of business leadership will find it difficult to effect. The profit motive and the tremendous drive for personal success may not yield to curtailment even under the most enlightened leadership. These driving motives are the very metabolism of the American business organism, and at countless individual sources they have activated our phenomenal capacity to produce. To step them down and harness them is a little like training a football line to "tackle them easy" or its back field to "run moderately"; it may be and probably is a more civilized game, but it is something else than football. If the curtailment of private initiative and so-called free enterprise (with all of their creative power) is necessary to the modern state, then it may well be that the form of capitalism which you advocate will prove in the long run but a transitional form on the road to something else.

Your advice to confront Russia with definite decisions now which will promise peace while we have yet time seems inexorable logic to me. It has great risks, but less by far than appeasement or a policy of drifting entails, as you well show. Nor need there be hesitancy on your part to hook this thesis on to a fiscal and economic essay. Our present economy with its unprecedented production and very serious lack of consumption capacity within our existing price and wage mechanism on the domestic front is really being underwritten by the Politboro, in that the approximate fifteen percent of our production now flowing into the Marshall Plan and military preparedness constitutes an effective safety valve at our present

Honorable Marriner S. Eccles

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stratospheric level of production. A Russian peace move in Europe (by withdrawal from Berlin, say, or an acceptance of the Baruch Plan of atomic control) could throw our Congress and our people into a perfect lather of sentiment, out of which the relief and military preparedness plans could be partially truncated with even possibly the hoped for collapse of the American economy to follow. Both of the above suggested moves and others like them could be made by the Politboro without too much risk to its ideology, as either would lend itself readily to many kinds of sabotage behind the phony facade of peace.

On the economic front, therefore, it seems to me quite as essential as on that of international relations that we seize the initiative from the Politboro before their present capacity for mischief works us into disaster. A real peace, which in my opinion your affirmative declarations now would induce, would give us time in an orderly way to bring our production and consumption capacities into better equation instead of breaking our necks trying to do it under the compulsion of a hostile initiative from the outside.

*My best as
always!*

Sincerely yours,



James Twohy

JT:LD

May 12, 1949.

Mr. James Twohy,
Chairman of the Board of Directors,
Investors Syndicate,
200 Roanoke Building,
Minneapolis, Minnesota.

Dear Jim:

Whenever I am fortunate enough to receive a letter from you, such as the one of April 25, I marvel again at your gift for apt expression. As you know, your encouragement is always greatly appreciated.

Naturally, I am gratified that you take so kind a view of my talk before the Commonwealth Club and agree, particularly, on the Russian question. It does have great risks as you say but, as I calculate it, this would be the lesser danger.

As I have only been back from the West a short time this acknowledgment is overdue. I certainly hope all is going well with you and that you are happy and prosperous.

With every good wish for your continued success,
I am

Sincerely yours,

M. S. Eccles.

ET:mrmm