

Professor Irving Fisher,
460 Prospect Street,
New Haven, Connecticut.

My dear Professor Fisher:

This is to acknowledge receipt of your letter of May 17th and to thank you for your comments with reference to the matter of the practice of banks in deferring crediting items until they are collected.

Apart from the fact that, as I understand it, the banks regard this as necessary for their own protection to avoid the kiting of checks, I do not gather that you think the matter could possibly be of fundamental importance at a time such as this, when the volume of bank deposits is larger than it was in 1929 and will be further increased as public as well as private borrowings from the banks occur. From your letter I take it that you recognize that the increased use or velocity of the existing supply of funds and not a mere addition to that supply is the heart of the problem.

It is not necessary for me to assure you that I am always glad to have your views and appreciate your deep interest in monetary problems.

Sincerely yours,

 ET:b