

THE WHITE HOUSE  
WASHINGTON

May 17, 1938

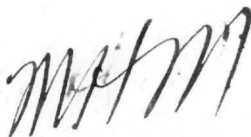
PERSONAL

MEMORANDUM FOR GOVERNOR ECCLES:

The President has asked that I forward to you the attached correspondence from James E. Bistor of Chicago.

When you have read this material, I will appreciate it if you will return it for our files in accordance with the President's penciled notation to me.

Thank you.



M. H. McINTYRE  
Secretary to the President

May 25, 1938.

Dear Mac:

As requested by your note of May 17th, I have read and am returning herewith the correspondence from James E. Bistor of Chicago.

We have quite a file of letters written by him as president of "Honest Money Founders, Inc.". He is one of the worst of the monetary cranks. He has one sovereign remedy for everything, to wit: monetary manipulation. I regret exceedingly that the solution of our economic problems is not that easy.

In one brochure that he sent to me a year ago it was stated that a shortage of money existed and that unemployment could be completely eliminated within six months by just increasing the supply of money. There has never been any shortage. All the currency is outstanding at all times that the public will use, all the credit is outstanding that private borrowers will use. Resources to expand both are practically limitless, but mere creation of a supply will not get results unless borrowers with adequate credit standing are willing to draw on these credit resources and put them to work. If there had ever been any shortage of money, interest rates would not have been and continue to be at about the lowest levels in the history of the country.

Some of Bistor's letters to me have been distinctly insulting and some of the propaganda he has circulated has assailed the President, though in his letter to the President he professes to be desirous of helping.

Sincerely yours,

M. S. Eccles,  
Chairman.

Honorable M. H. McIntyre,  
Secretary to the President,  
The White House.

enclosure

ET:b