

June 15, 1936.

Mr. Herbert E. Gaston,
Treasury Department,
Washington, D. C.

Dear Herbert:

May I suggest that instead of the last sentence on page 5 of your memorandum the following be substituted:

"A reversion to deflationary methods of balancing the budget which were tried with disastrous results by the last Republican Administration would imperil the recovery now in progress throughout the nation. By restoring the incomes of the people, the Democratic Administration has restored the only sound means of balancing the budget and of reducing the Federal debt as the income of the nation continues to increase."

I would also suggest that to page 8 be added the following:

"By the Banking Act of 1935 the Federal Reserve System was strengthened. Public instead of private control over the use of bank credit was definitely established. Not only is management of credit policies in the public interest thus assured, but an essential step has been taken to promote the orderly economic development of the nation, free from the destructive excesses of deflation and inflation."

I think this will round out your very excellent draft.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b