

The University Club  
1 West 54th Street

New York  
March 20<sup>th</sup> 1935

Hon. Marriner B. Eccles,  
Governor of the Federal Reserve Board  
Washington  
D.C.

Dear Sir:-

In yesterday's New York Times you were quoted as making the following statement to the House Banking & Currency Committee:-

"It would be unfortunate for the bankers if the Government by reason of a deficit, couldn't get their cooperation, because under the circumstances, they

Government would take over the banking system or use  
currency to pay the deficit rather than bonds."

I hope you were quoted incorrectly.

If, however, that is what you said, I must confess that  
I am somewhat apprehensive. It might be unfortunate for the  
bankers, as you say, but it would be more unfortunate for  
the depositors. It would be their money which the government  
would "take over" in order "to pay the deficit". As we are con-  
fronted with a rapidly mounting and apparently uncontrollable  
deficit, and as the banks have already bought government  
bonds to an extent which makes their ability to buy more, with  
a due regard for the principles of sound banking, somewhat  
questionable, it is disturbing to read that the Governor of the  
Federal Reserve System is willing to suggest that depositors' money  
may be appropriated by the government if the banks do not  
buy all the bonds the government must sell to finance  
its extravagant deficit.

Now I ask whether you meant what you are quoted  
as having said? Because if you did, I feel that I must

take what steps, if any, are open to me to protect myself against the loss which you appear to contemplate as a possibility, and which I should then be forced to consider a probability.

I am asking you this because it seems to me possible that you were not really serious but were indulging in a flight of New Deal fancy, to which I am trying to become accustomed.

Very truly yours

Edward A. Boies