

TO Chairman Eccles

FROM Mr. Thurston

REMARKS:

5/25/42

I would suggest that this be referred to Mr. Kindleberger when you have finished with it.

E.T.

Sent to Mr. Kindleberger

*5/26/42 - 11:10 -
meb*

CHAIRMAN'S OFFICE

May 25, 1942.

Mr. J. H. Riddle,
Economic Adviser,
Bankers Trust Company,
New York City.

Dear Mr. Riddle:


I am glad you sent me your memorandum on war finance in Canada. I have kept rather more closely in touch with the Canadian picture than I might otherwise have done because of my acquaintance with Governor Towers of the Bank of Canada and the fact that Alvin Hansen and Kindleberger of our staff have taken an active part in connection with Canadian affairs. I think your memorandum is an excellent summation of the picture and, of course, confirms what I have been stressing, that is, the Canadian success in financing with a minimum of reliance on the commercial banks.

Some time ago I presented some over-all figures in connection with our own war financing to indicate that if our demand deposits were on a comparable basis with Canada's, we would have some \$20,000,000,000 less. Yet they floated an issue that was sold almost entirely to non-bank investors which would have amounted to \$10,500,000,000 on a basis comparable with our resources. It goes to show how much we can do without creating additional bank deposits if we diversify and adapt our financing program properly.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.

 ET:b