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Chairman Federal Reserve Board,
Mr. Marriner S. Eccles,

Dear Sir,

s In your letter to Senator Byrd, may I ask if you mean to say, "studies made by a distinguished group of scholars, under the auspices of the Twentieth Century fund, indicate that the total of all domestic debts, both public and private, is no greater today than it was in 1929", and "We have never had prosperous conditions without an accompanying expansion of debt, either public or private or both?"

It seems to me these two quotations taken together deny that we've had prosperous conditions under the New Deal. That is exactly what I have contended, and as from the earliest indication of its economic theory predicted it would be. But, at each election period New Dealers point with pride to accomplished prosperous conditions, and now, without expanding debts.

That "Debts and obligations of various kinds are but the other side of investment, and if we try to liquidate the whole amount of them, or even any substantial fraction, we would precipitate a crisis so severe that ~~that~~ general economic paralysis would result" precludes all hope for any endeavor on the part of the New Deal to balance our budget; such action might be a contradiction of its economic theory that debts must be kept equal to capital investment, and is, I believe, the first time the charge has been made that the Republican administrations, by reducing the national debt by ten billion dollars, brought on the depression of 1928.

And, to a layman, if "When there is a contraction of total debt public and private, we have deflation" and the accompanying distress you picture, and I don't doubt it in the least, the future for labor, industry and government, which is us, looks pretty dark.

Respectfully yours,
Chas. W. Robinson
27 Linden Ave.
Youngstown, O.

January 3, 1939.

Mr. Charles Makinson,
27 Linden Avenue,
Youngstown, Ohio.

Dear Mr. Makinson:

Chairman Eccles requested me to acknowledge receipt of your letter commenting on his recent reply to Senator Byrd.

As Mr. Eccles is not in politics and was discussing economic, not political, matters, I shall not attempt to discuss the questions you raise as to rival claims either of so-called New Dealers or of Republican administrations. However, I am enclosing a copy of the full text of Mr. Eccles' letter and of his preceding address in New York which was the subject of Senator Byrd's criticism, feeling that if you would care to look these over, they might shed some light on the matters which you discuss.

Sincerely yours,

Elliott Thurston,
Special Assistant
to the Chairman.

enclosures

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