

# HARRY WELLS

INDUSTRIAL REFINANCING  
CORPORATE REORGANIZATIONS  
CONSOLIDATIONS  
MERGERS

154 BROADWAY, SPRINGFIELD, MASS.

December 28, 1938.

Honorable M. S. Eccles, Chairman ,  
Federal Reserve Board,  
Washington D.C.

Sir;

Please permit me to express my admiration for your masterly reply to Senator Byrd, appearing in the press of December 26th.

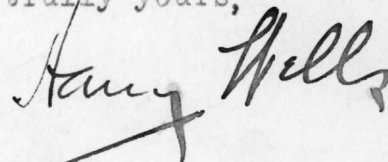
A former banker myself, and a victim of the results of bank loan liquidation, through deposit or purchasing power cancellation, your accurate analysis is indeed refreshing, especially in the present days of muddled thinking.

The effect of bank loans to the collective purchasing power of the Nation, unfortunately is not understood, even by the great majority of those who have control of it. The substitution of Government debt, for our liquidated private debt, in almost exact amount, with its resultant deposit or purchasing power creation, offsetting the 1929/33 cancellation, has alone prevented wholesale ruin.

In the manufacture of purchasing power through private bank debt creation, always uncontrolled, and at a profit, the higher the interest burden, the happier are its creators, entirely oblivious to the inevitable results. This is rugged individualism, and of course sound and proper, but when the same identical thing is done by Government, but under control and at low cost, for constructive purposes, the cry of inflation and debt burden is raised.

I sincerely wish that your reply could be printed and sent to the financial institutions of this country. They are in dire need of education as well as supervision.

Respectfully yours,



January 4, 1939.

Mr. Harry Wells,  
154 Broadway,  
Springfield, Massachusetts.

Dear Mr. Wells:

This is to thank you for your letter of December 28th with reference to my recent reply to Senator Byrd. Your letter and comments were particularly interesting to me because of your experience as a banker. I wanted you to know that I appreciated your interest and your thoughtfulness in writing to me.

Sincerely yours,

M. S. Eccles,  
Chairman.

ET:b

Received in  
Chairman's Office

DEC 29 1938

Board of Governors  
of the  
Federal Reserve System