

STEWART SHARPE

ATTORNEY-AT-LAW

DELMONT, SO. DAK.

Dec. 30, 1938

Mr. Marriner S. Eccles
Washington
D.C.

My dear Sir:

I shall not attempt to answer your argument that useful work relief is better than the outright dole. I am not certain which plan will prove the better in the long run. Probably, the W.P.A., although it is quite expensive relative to the actual wealth it creates.

But I seriously question your assumption that no able-bodied citizens rely upon the government for support. I have contacted a few who accept the dole as a matter of right, and have apparently ceased their efforts for self help. It is amazing how their attitude toward government aid has changed since 1932.

I was more interested in your discussion of the question of debts. As I understand you, prosperous conditions depend upon an expansion of debt. That as long as the debt structure is not too large relative to real wealth there is no danger ahead. With that argument I agree. But I have heard many everyday people argue that unless federal spending is curtailed, the interest on the public debt with other expenses will soon be more than the taxpayers can afford to pay. If that situation comes, they say, deflation is inescapable and economic paralysis will follow.

In other words, many citizens contend that liquidation which means repayment of the public debt, with all its dire consequences, is inevitable, if the national budget continues unbalanced. The present program of spending has not produced all its sponsors claimed it would, and must fail, I think, unless private enterprise is rejuvenated by expanding markets for its goods. The government cannot continue to carry the load single handed.

Realizing that you are as sincerely desirous of preserving our democracy as is Senator Harry F. Byrd, I beg to remain

Very sincerely and respectfully yours,

Stewart Sharpe

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DELMONT, S. DAK.
Dec. 30, 1938

January 5, 1939.

Judge Stewart Sharpe,
Delmont, South Dakota.

Dear Judge Sharpe:

This is to acknowledge receipt of your letter of December 30th with reference to my recent reply to Senator Byrd.

I did not make a statement that "no able-bodied citizens rely upon the government for support", nor did I say that all of those on the relief rolls are deserving. We have always had loafers with us long before any of us ever heard of WPA. The Senator made a sweeping charge which covered not only the loafers but countless others who are able, willing workers but unable to find jobs in private enterprise.

I think that your comments on the debt are very pertinent. I agree entirely that the rejuvenation of private enterprise is vitally important and, to my way of thinking, should be the primary objective of government.

Because of your evident comprehension and interest, I am enclosing copies of the full text both of my letter to Senator Byrd and of my preceding address in New York which was the subject of his criticism.

Let me add that I particularly appreciated your letter because it presents a dispassionate, reasoned approach to what I realize are difficult and highly controversial questions.

Sincerely yours,

M. S. Eccles,
Chairman.

JAN 3 - 1939
Board of Governors
of the
Federal Reserve System

enclosures

ET:b