

THOMPSON CONSTRUCTION CO.

ENGINEERS AND
CONTRACTORS

JOHN S. THOMPSON

8 SOUTH 4TH ST
HUDSON, N. Y.

Jan. 2, 1939

Mr. Marriner S. Eccles, Chairman,
Board of Governors, Federal Reserve System,
Washington, D.C.

Dear Sir,

I am taking the liberty of writing you to express my appreciation of the reasonable presentation of some of the nation's problems as set forth in your letter of Dec. 22 addressed to Senator Harry F. Byrd, and as published in the New York Tribune on Dec. 26th. It is a pleasure to read a discussion of these problems based on reason, rather than the usual emotional appeal.

I wonder if problems of this type cannot be more easily solved, if the technical diagnosis of the problem is divorced from the cure. In other words, if the mechanical side of our economic structure were to be definitely described, and I believe it can be, then half of our present day disagreements could be eliminated, and the work of those who propose to apply corrections to the economic system, would be made much simpler.

For instance, when the quantity of money in the country, i.e. cash on hand and bank deposits, is a constant over a period of time; total money expended during that period is always equal to total money received. Under these conditions the sum of all cash books in the country would balance perfectly; and if the question of budget balancing is being considered as the relation between money received and money expended, then the sum of all budgets (of government, business, and individuals) in the nation, will always balance to a penny.

In the event that the amount of money changes, due to foreign or domestic action, then the amount of surplus or deficit in the sum of all cash books, is exactly equal to the amount of change.

This point should be familiar to any poker player.

I am sorry if I have intruded, but the mathematics of our economic system is exceedingly interesting and clear to me.

Very truly yours,

John S. Thompson
John S. Thompson

jst/tf

January 5, 1939.

Mr. John S. Thompson,
Thompson Construction Co.,
8 South 4th Street,
Hudson, New York.

Dear Mr. Thompaon:

This is to thank you for your
letter of January 2d with reference to my
recent reply to Senator Byrd of Virginia.

I was interested to note your
discussion of what you refer to as the
mathematics of the economic system, and I
wanted you to know that I appreciated your
courtesy in writing to me.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

**Received in
Chairman's Office**
JAN 3 - 1939
**Board of Governors
of the
Federal Reserve System**