

James M. Thomson
Publisher

Paul J. Thomson
Vice-President

Marshall Ballard
Editor

John W. Fanz
Business Manager

Item-Tribune

MORNING EVENING SUNDAY

NEW ORLEANS

January 13, 1939.

THE NEW ORLEANS ITEM

the Essential Item

In Any Advertising
Campaign In The
South's Largest City

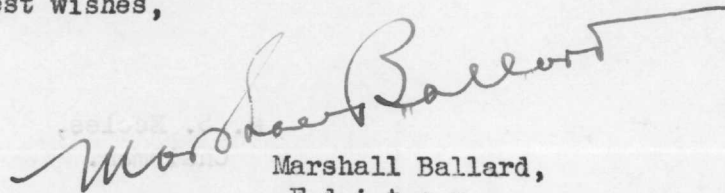
Mr. Marriner S. Eccles, Chairman
Federal Reserve Board,
Washington, D. C.

Dear Mr. Eccles:

I have no doubt that the enclosed clipping from an Omaha newspaper contains a distortion of something you recently said. I missed the statement of yours to which it refers.

I wish you would have someone airmail me a brief account of the terms you used on the phase of this subject treated in the enclosed editorial.

With best wishes,



Marshall Ballard,
Editor.

m
b
/
j

ly the need of improving the content and quality of those given—and heroic shortening of their length.

the World-Herald:

chairman of the Federal Reserve Board has corrected the Senator from Virginia. Senator Byrd worries about mounting debt because, he thinks, "some day must be paid." Sharply Mr. Eccles brands this as a "curious notion, based on a fundamental misunderstanding of our capitalist economy. Because, he points out, if we ever tried to pay our debts the whole country would go broke and general economic paralysis would result. Paying debts, he continues, either public or private, is deflationary and makes us hard up. Prosperity, on the other hand, accompanies going deeper into debt. So there is really not a thing to fret about. The heavier your debts the more prosperous you are. If you try to pay them paralysis overcomes you. It seems to follow that the easy way to make every man a king is to double and quadruple his debts, with federal, state and local governments doing likewise. If this simple explanation of fundamental New Deal economics doesn't make Senator Byrd shut his mouth he's hopeless. What the Virginian needs to do is to borrow a million dollars at once, declare a moratorium, and live in luxury for the rest of his life.

January 17, 1939.

Mr. Marshall Ballard, Editor,
Item-Tribune,
New Orleans, Louisiana.

Dear Mr. Ballard:

In accordance with the request in your letter of January 13th, I am sending you by airmail under separate cover copies of my recent letter to Senator Byrd of Virginia and my preceding address in New York which was the subject of an attack by him. The clipping attached to your letter refers to this general subject.

Permit me to reciprocate your best wishes.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

Received in
Chairman's Office
JAN 14 1939
Board of Governors
of the
Federal Reserve System