

**Congress of the United States  
House of Representatives  
Washington, D. C.  
January 26, 1939**

Hon. Marriner S. Eccles, Chairman,  
Federal Reserve System,  
Washington, D. C.

Dear Mr. Eccles:

There is enclosed herewith copy of letter  
addressed to you by Mr. A. M. Wilson, President, Bank of  
Pinehurst, Pinehurst, Georgia.

Please furnish me with a copy of your reply  
to him and return the enclosure.

Very truly yours,

Stephen Pace M. C.

January 28, 1939

Honorable Stephen Pace  
House of Representatives  
Washington, D. C.

My dear Mr. Pace:

This will acknowledge yours of January 26 with which you enclosed a copy of a letter of Mr. A. M. Wilson, president of the Bank of Pinehurst, Georgia, to me under date of January 24. Mr. Wilson's letter had already been received here and was in course of reply and I am pleased to enclose herewith a copy thereof.

In accordance with your request I am returning herewith the copy of Mr. Wilson's letter which you enclosed to me.

Yours sincerely,

M. S. Eccles  
Chairman

enclosure

LC/fg



# Bank of Pinehurst

Pinehurst, Georgia

January 24th, 1939

Hon. Marriner S. Eccles,  
Washington, D.C.

My dear Mr. Eccles:

After listening to your reply to Senator Byrd of Virginia last night, I feel impelled to write you. As you said at the beginning of your radio speech, I say now, what I write is without hope of reward, and unbiased by political or party feeling.

The facts presented in your speech are worthy of a man in your high position, well worth serious study by all thinking men of our great Nation.

Fifty Billion dollars Government debt would be no special burden to the United States; as you said, we owe it to ourselves.

Government 'Spending & Lending' has saved business institutions all over America; yet the men and business that the Government saved -that have profited most- are now (that they feel safe again) the loudest howlers for economy in Government.

In my opinion the Government needs to effect these changes; All U.S. bonds, securities should bear interest at not more than one percent. All such bonds and securities should be redeemable at par at any Federal Reserve Bank, and Congress should authorise the Federal Reserve Banks to buy any U.S. bonds offered at par, and to issue currency against them if needed. All such bonds should be stabilized at one hundred cents in the dollar, no more and no less. This would have the effect of causing most of our banks to unload Governments, and seek Commercial and Industrial loans, which would make for a more nearly normal business situation.

Thanking you in advance for your consideration of these thoughts, I am,

Sincerely yours,

A.M. Wilson,  
President.

January 28, 1939

Mr. A. M. Wilson, President  
Bank of Pinehurst  
Pinehurst, Georgia

Dear Mr. Wilson:

This will acknowledge and thank you for your letter of January 24 in which you were good enough to comment favorably upon my recent radio address.

It is always refreshing to find an active banker, particularly the head of a bank, viewing our current fiscal and monetary problems with a progressive attitude. Perhaps because of the great amount of caution which is required in credit operations, bankers are prone to stick to orthodox ideas and traditional maxims so that they cannot generally embrace new ideas in meeting problems, even new problems, such as we are facing today. Thus the banker usually advocates higher interest rates, over-liquidity in bank assets and a balanced budget by the government under any and all conditions.

I have noted your suggestions respecting the treatment of government bonds. While your specific program would require legislation, it is appropriate to note in passing that the Federal Reserve banks today are authorized to loan up to par on government securities so that there is less need than heretofore for a member bank to dispose of government securities at a sacrifice.

Yours sincerely,

M. S. Eccles  
Chairman

LC/fgr