

E. E. NEEL  
ATTORNEY-AT-LAW  
OFFICE IN NEEL BUILDING

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Newport, Ind. , January 24, 1939.

Mr. Marion C. Eccles,  
Chairman of the Board  
of Directors of the  
Federal Reserve Bank,  
Washington, D. C.

Dear Sir:- We listened to your address over the radio on the evening of January 23, 1939. We have been impelled to address you in this letter as a result of that address. We wish to compliment you upon that address and say that it was one of the best addresses that we have heard in a long time. It seemed sane in every particular and your clear out voice over the radio (free from mush, Jewish, and foreign dialect) fell pleasantly upon our ear. It seemed from your plain language and fine pronunciation that you must have some time been a "Hoosier". Your language seemed so common and at the same time clear out that we might of some time have met you in some of our "Hoosier Cities". Your language was free from the "Whine" that infests the language of Alfred M. Landon. He is a light weight and does not know it. We fully realize your high position in finance. We wish only that we could have your place and have the say who shall have this credit and who shall not. You told us that you have been in the banking business for more than Twenty Years. You certainly ought to know that business by that time. If you do not know it now, you may never know it. We have been in the banking business as a small stock holder more than that time. We helped to organize a bank in this town about Thirty years ago and it is still running. Our small "berg" has never had a bank failure. We have Three banks in the whole county and Two of them are in Newport, Indiana. All the others failed with the advent of the New Deal. Also all of our building and loan companies have failed and been taken over by what the "Rats at Indianapolis, Indiana)" are disposed to call the department of finance or department of the treasury. So we do not have a building and loan company in this county. The only place one can borrow any money for about any kind of business is at our bank. R.H. Nixon & Co's Bank at Newport, Indiana is a private bank, carries no insurance of any kind and from all appearances seems to be trying to liquidate. The other bank is the First National Bank of Dana, Indiana. We have no notes on that bank except that a few years ago it was loaded with Real Estate that was not a paying investment. They do some funny things over there but we have no notes on their solvency and of course we express no opinion of their solvency. We tried to advise the managers of the banks that failed by telling them where they were running but they, like yourself had more than Twenty years in the banking business and needed no advice from an upstart like us. So they went "over the falls" and most of the managers are dead as a result of those failures. When a man has been in the banking business for more than Twenty years it is hard for an "upstart" like us to render any advice to him. He simply knows more than we mainly because he has been in the banking business more than Twenty years and we have never run a bank at all so why take the advice of some one who had never been in the banking business? We have never been the captain of a boat either but if we were to see one near the falls, we could probably

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say when it was in danger of going over the falls. But without disclosing to you all the experience we have had in financial lines we will tell you that we have had some miserable failures in the banking business and the Building and Loan Business. All these managers were experienced men in the financial world.

The purpose of this letter is not principally to tell you of the bank failures we have had in this county and that they failed because they failed to take our advice. But in parting with that subject let us tell you that they failed because they tried to act a hog and tried to get all the money they could in their vaults by paying high interest on deposits and if they paid high interest on deposits of course they had to lend it where they had at least "a promise" of interest with which to pay high interest on deposits. But a promise was all they had. the loaned money never returned and so down went the banks to "the bottom of the sea".

In your talk last evening you advocated that we do not now try to balance the budget. That is at least the proper thing to say at the present time. You know enough about finances and have the honesty in your bones to know that you could not have truthfully said anything else. You know that this government can not now balance the budget with money that is to be taken in by taxation. You told us that you have never taken much part in politics and did not know anything about politics. We are not going to directly dispute what you said on that point but we want to tell you that you made a speech that would tickle the ears of the "New Dealers" as well as any that Harry L. Hopkins or Secretary Wallace could ever make. There is no danger of your losing your "job" as long as you talk as you did over the radio last evening. That talk suits the new dealers to a "T". In your talk last evening you told us that we ought not to try to balance the budget at this time and to which we have told you we agree. But you did not tell us in very plain words how we are ever to pay the the National Indebtedness. You skated over the "ice of that mudhole". You also said that we ought to keep on borrowing money and let the budget go unbalanced as long as we have this vast army of unemployed. We agree with you also on that. To have said anything else would have put in the class with Senator Byrd of Virginia and you expressly tried in your address to convey the idea that you are not in his class so far as financial ideas are concerned. So we will not accuse you of being a bedfellow with that "Byrd" You also told us that we should wait till the National Income reaches high enough so we can begin to pay off the National debt and that then and not till then should we begin to pay off the National debt. You did not just exactly tell your radio audience when you expected to have the country reach that point. That was another "Mudhole skated over". You did not say so in so many words but the whole tenor of your radio address tried to carry the impression that you thought our country was in much better conditionally than it was at the close of 1932 when the conservative Republicans (Liberty Leaguers) were forced to hand over "the apple butter spoon" to the New Dealers. The New Dealers now have the "cheese knife" and they cut off slices for the rest of us to eat. How long do you suppose that sort of thing is going to last, my Dear Mr. Beckles? Well we can see by your advocacy of the continuance

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of the relief to the WPA and other forms of relief that you would like for it to extend at least four more years following January 1, 1941. You have not furnished us with your prediction of what you expect to happen after that except to close your eyes and say that the National Income will be by that time large enough to begin to pay off the National Debt at a rapid rate. Now you may be right in that and it may be that the New Dealers will make business so fine that we will have plenty of money in circulation and the National Debt will be paid off with ease. Patrick Henry once said that "we have no way of judging the future except by the past." Now when it comes to fortune telling in business, that opens up a field for all of us "Soothe-sayers in Business" to begin to practice our necromancy. We feel that we can "Prognosticate" as well as the other fellow when it comes to "telling how far a toad can jump".

Let us tell you, My Dear Mr. Eekles that it is our prediction that the New Dealers will never balance the budget. That they do not actually want to balance the budget. They want money in their pockets and the only way they can have that and not offend the "Money lenders" is to keep right on borrowing and let the budget "Take what course thou wilt". As long as we keep right on borrowing we will have the WPA and as long as we have the WPA we will keep right on borrowing. As long as we have the New Dealers we will keep right on borrowing and we will have also the WPA et.al. That "et.al." costs us more than the WPA. Now this is our prediction. You do not need to get excited over that as it is only a prediction. We do not want you to close your Federal Reserve on account of that prediction.

Well how long will the New Dealers last? So far as we are individually concerned we think that they should run on another four years. It will take about that long to convince the majority of the voters that no good can come out of our New Dealers. If you are alive four years after January 1, 1941, you will not make the same speech you did last evening. We feel quite sure of that. This is a game of the survival of the fittest. There is going to be a scramble to see who is going to run this country. We can not say at this time who will win that contest. But one thing the money lender should see before it is eternally too late and that is we can not go on forever borrowing money. This indebtedness should either be paid or repudiated. We are going to surprise you now by telling you that the best way to repudiate a debt is for the government to issue new money and in such quantities and put into circulation till a man would rather have property than money. When that time comes let your "Jew" secretary of the treasury put his foot on the pedal and stop the flow of money till the pinch begins to assert itself when we can start in again and put some more new money in circulation. Would you be willing to consent to such work of printing new money and putting it in circulation? We would bet our head that you would scream at the top of your voice over the radio that this country was going to the dogs. You would tell us how Germany did with her inflation. You do not know that the man who leans on the shovel handle (WPA) knows that this was no accident on the part of Germany and when he had paid all of his indebtedness that could be paid off with paper money, the government went back on the gold standard. Inflation is

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no accident My Dear Mr. Bookles. It must be be done with a purpose and with utter disregard to the interests of the money lender. We must not ask him to give his consent to such. He will never do it and the only way is to give him a swift kick with as few a words as possible and free this country form indebtedness. It can be done and must be done. This may cause a revolution both in money matters and in government as well. In order to do this we will have to make the appeal not to the educated but to the lowest type of voter. We will have to tell him that he is in bondage to the money lender and that he will never gain his freedom till he votes for a man or set of men who will issue enough money to have at least enough to keep the farms going well, the home fires burning. The educated is so firmly in the control of the money lenders that we can never enlist his help in this matter. It must be done with the lowest type of voter. That is the way the New Dealer keeps himself in power. He appeals to the lowest type of voter. They put him in office regardless of qualifications. Referring to our local situation. They have our court house full of "WPA" workers trying to make new records and show us how to run the county and "Oh Lord what a mess it is". So if the New Dealer can enlist that sort of help to carry him along why can we not do the same? If we must enlist the ignorant and incompetent to run our country we should have "Irish Wit" enough about to get in the game also. The New Dealers are no smarter than we are. They know less about running this government than we know. They have simply held us up and the end of a gun and taken the government out of our hands. Have they bettered it any? If you want an answer to that last question just have the Relief Administrator at Washington D. C. Discontinue WPA relief for Ninety days and he will have his answer. We do not need to be in the banking business for Twenty years to know that. Where would your Seventy Billion Dollars National Income be at the end of the Ninety Days? No wonder you advised the work of relief to be carried on regardless of how high the National Debt piles up. You could not have said anything else. You would have had the WPA swarming at your door like a swarm of bees in the summer time.

The next time you talk over the radio, will you not tell the dear public how it comes that your institution puts out Federal Reserve Notes for money instead of those notes being issued by the Government? We are not so very well versed as to how the Federal Reserve Bank came into existence except that we have always understood that it is a privately owned institution. That is is not a part of our national government. Then how does it come that an institution like yours puts out money backed by the Government instead of the Government putting it out? Tell the dear public why the Government can not put out its own money instead of having the Federal Reserve Bank put out its notes backed by the Government. Might not some New Deal Supreme Court by some twist of the mind say that Federal Reserve Notes are not in fact money and that the Government has no power to go surety for any bank? Then if that were to come to pass, the scramble would be worse than it was following the Civil War as to sound money. Would not the money be just as sound if issued by the Government as when issued in the form of Federal Reserve notes? Tell the dear public all about that in your next talk.

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You said in your radio talk last evening that you are not versed in politics and that you have just been working at banking and do not know much if anything about politics. Well if that ~~we~~ be true, we want to say that you are one of the best guessers we have heard talk in making a talk that will suit the New Deal Politician. You are certainly marvelous of hitting the right chord in the harp of the New Dealer. You will never lose your "job" in making such speeches as you made last night.

Now we no doubt have amused you by our wild ideas on finances and we confess they are "wild" and fanciful. You ask us when we hope to put our wild ideas in force. We can not do it till the New Dealers have had at least four more years in lending money and catering to the money lender. How are we going to do it? We will seize on any "Crazy" organization we can find in existence such as the WPA, German Bunds, Klu Klux Klan, C. I. O. and A. F. of L. and show workers generally. Create dissatisfaction among them by telling them that they are in bondage and offer a man who will see that we all have money in circulation. You say, well you are not a very good citizen to enlist all of this element in to the overthrow of the policies of the government. It is just as moral as the method used by the New Dealers in threatening the WPA. workers with the loss of their jobs if they do not vote right. And to show that such methods are approved by the head of the Government you perhaps know that Harry L. Hopkins is now in the President's Cabinet. We do not have to be in the banking business Twenty years to see and know those things. It will take four more years for us to get up steam to get our machine to working. You say you are not in politics. Let us teach you just a few "A. B. C.'s. You know that the president is taking the side of the "Jew". He seemingly loves a Jew. He has a Jew Secretary of the Treasury. He has just put one on the Supreme Court Bench. He induced a Jew to run for the governorship of the State of New York. He is bellowing at Germany for the persecution of the Jew. The Germans are not going to vote for Roosevelt if he runs for President. Who has the largest number of voters in this country the Jew or the German? The Germans are whetting their knives now for Roosevelt or his choice for President. You do not have to be in the banking business for Twenty years to know that. We are afraid that they are going to pull the string too soon. We want the New Dealers to have the cheese knife for four more years and then if you and I are alive we will write you again. Ten to one you will be running some sort of a cattle ranch in the west after a change of government takes place that is not run by the money changers. We would give you a bill of particulars of how the money changers do their work but the list would be endless. How many institutions does the Chase National Bank run where it tells an institution just how much money it can spend and for what purpose. Let each institution have its own money as does Henry Ford or go out of business. Why have a banker tell you where to lay your hat. It did not use to do that, why do it now? Borrowing money is all right to a certain extent but when every person begins to borrow who employs men, then it is very much like a Jew Store where the population is all Jewish. You do not need to answer this letter till some time this summer. Respectfully yours.

*E. E. E.*

January 28, 1939

Mr. E. E. Neel  
Attorney-at-Law  
Newport, Indiana

Dear Mr. Neel:

Mr. Eccles has asked me to acknowledge and thank you for your letter of January 24 commenting on his recent radio address, also commenting on the use of debt in our money system as against the use of currency, which you evidently favor. You also have the opinion that the Federal Reserve System is controlled by private interests and I am therefore enclosing herewith a copy of Mr. Eccles' letter to Senator Vandenberg which discusses both the question of the ownership of the Federal Reserve' banks and the use of currency by the government to supplant all borrowings.

Yours very truly,

Lawrence Clayton  
Assistant to the Chairman

enclosure

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