

Frederic Wm Unger
Investment Analyst
4300 Chestnut St
Philadelphia?

EVE 0589

JANUARY 24, 1939.

To The Hon. Marriner Eccles,
Chairman, The Federal Reserve Board,
Washington, D.C.

Dear Sir;

In your radio talk of Monday evening, Jan 23 rd., you are revealed as the leading exponent of an advanced economic thought, which departs from conventional points of view only by following several seldom explored bypaths to their logical conclusion.

Our vital national problem is how to make clear the whole of that thought to important minds which remain clouded by their emotional antipathies. How to break through the barriers of psychological reluctance to achieve understanding.

That the writer has arrived at your conclusions by laborious research has a significance in being a sporadic instance of what should be paralleled by many others. But sporadic effectiveness depends on their individual multiplings and extending acceptances of a central concept.

After eight years of effort I have been able to impress regrettably few, either wholly or in part. As another step in this direction the enclosed has been prepared- as introductory to a complete elucidation.

In my studies of the sources of buying, of its action, dissipation, the obviously required replenishings by initial deficit spendings and the subsequent repercussions- I think I have covered the subject exhaustively. But these are not times to be unduely dogmatic.

Can you supply me with an extended exposition of your position ?

I am writing you that you will know the great relief afforded to one isolated sporad in learning that the clear vision is realized in your high position and in the hope that many similar letters will disclose to you that other sporads exist in numbers promising effective wider understanding and appreciation of your intellectual leadership. Can you put me in touch with any other local sporads ?

Your forceful radio talk, while unfortunately curtailed, is the first significant indication I have observed that this generation may hope to escape the penalties of the cumulative economic blunders it has inherited and is otherwise continuing- that we have a bare chance to win in our mad racing with chaos.

Very truly yours,

Enclosure.
"To the Capitalistic
Intelligentisia."

Frederic Wm. Unger

TO THE CAPITALISTIC INTELLIGENTSIA.

How can effective attention be centered upon the following basic questions in time to counteract adverse and subversive forces in our national life ?

1. What is the minimum annual capital flow required to maintain the level of the buying supply and so sustain business ?
2. What is a mathematically supportable rate of interest for the total debt structure and for the additions due to a sufficient capital flow ?
3. What is a normal capital mortality, if largely confined to over matured and obsolescent investments, without unduely affecting new capital flowings ?
4. How can the total fixed charges on outstanding investments in credit and on their normal increase be brought within the mathematical limits of what can be earned and paid- from a thereby more assured adequate flow of new capital into the buying supply ?
5. What are the obvious alternatives for a national economy failing to find affirmative answers to these basic questions ?

Jan 22 1939

Frederic Wm Unger
Investment Analyst
4300 Chestnut St
Philadelphia.

January 30, 1939

Mr. Frederic Wm. Unger
4300 Chestnut Street
Philadelphia, Pennsylvania

My dear Mr. Unger:

This will acknowledge yours of January 24 addressed to Chairman Eccles with which you enclosed a copy of a set of questions propounded by you and addressed "To the Capitalistic Intelligentsia".

In your letter you ask Mr. Eccles if he could supply you with an extended exposition of his position. While this might be difficult to do by documents, I thought you might be interested in reading his address before the New Jersey Bankers Association on May 13, 1938, as well as his speech before the New York Chapter of the American Institute of Banking on December 1, 1938. These papers will no doubt give you a general idea of the Chairman's views respecting the relationship between government fiscal policies and private investment.

Very truly yours,

Lawrence Clayton
Assistant to the Chairman

enclosures

LC/fgr