

January 28, 1939

Mr. Alphonsus J. Murphy
148 State Street
Boston, Massachusetts

My dear Mr. Murphy:

Mr. Eccles has asked me to acknowledge and thank you for your letter of January 24 commenting upon his recent radio address.

It is gratifying to note your comprehension of some of the aspects of government spending so frequently overlooked by business men. As you say, the money spent by the government inevitably turns up as deposits belonging to corporations and the more wealthy individuals. Furthermore, the business created by the purchases of the relief workers represents in many cases the difference between survival and nonsurvival of marginal business firms.

Yours very truly,

Lawrence Clayton
Assistant to the Chairman

LC/fgf

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My dear Mr. Coles -

Awfully glad to hear
your most polite and splendid and
everyday explanation of your stand
on the National debt -

Is it not a fact that the
money we spent to give work -
eventually reached the coffers of
the well to do - honestly and
naturally - but got there just the
same - ??

They in fact got a large part

of their dwindling fortunes back -
and their private debt is now
transferred to our government -
Even tho' that be - as it should be -
it does seem short sighted of
them to now cry out for a balanced
budget - not at their expense - but
at the expense of the millions of
unemployed - a rather employed
beneficiaries of the spending -
Many of my own friends but modest
fortunes - at middle age - without
pretty about their children's children -
Income tax spread is the best way to
balance the budget -
Yours truly
J. J. Murphy

Received in
Chairman's Office

JAN 26 1939

Board of Governors

of the

Federal Reserve System