

1708 Elmsmere Ave.,  
Richmond, Va.

January 30, 1939.

Hon. Harry F. Byrd,  
Senator from Virginia,  
Senate Office Bldg.,  
Washington, D. C.

Dear Senator Byrd:

I have your communication of January 25th with reference to the recent disagreement which you had with Mr. Eccles of the Federal Reserve System. I am in agreement with your views and cannot understand how anyone could be otherwise.

I followed this controversy very closely in the newspapers at the time and every day I become more and more amazed at the philosophy and opinions of those who are managing our governmental affairs.

It seems unbelievable, to me at least, that a gentleman of the experience and banking background of Mr. Eccles could believe and publicly express such unsound opinions, honest though they may be, as to the sound and practical way of accomplishing prosperity; that is to say, a higher national income. At the time this thought occurred to me - I wonder if prior to his advent in Washington, Mr. Eccles applied a similar theory, or principle, with respect to the operations of his banks, particularly regarding the subject of borrowing by the banks' clients.

I was equally amazed at Mr. Eccles' (and also Mr. Roosevelt's) ideas with respect to the question of public and private debt - that it is, in short, fair to consolidate the two when making a comparison with prior year debts without making any distinction in the relation of one to the other. They are so very different, in practically every aspect, that when authorities combine the two with no explanation as to the difference between them, it is a plain misstatement of fact.

I do not profess to have the knowledge of banking and finance of Mr. Eccles but I have had several years of practical business experience and an education in accountancy, and everything that I have learned from competent instructors and recognized accounting authorities completely refutes the teachings of Mr. Eccles. Maybe they are wrong and he is right, but since in my opinion the only possible guide for any clear thinking person are principles established by many years of study, experience and practical application I must adhere to the former.

Hon. Harry F. Byrd:

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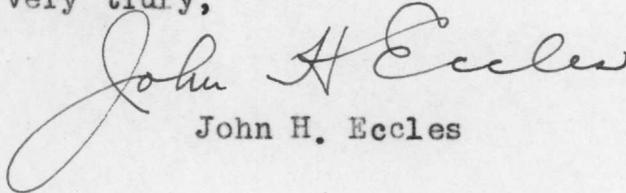
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I should like to invite your attention to the enclosed newspaper clipping entitled "The Bogus Old-Age Reserve" by John T. Flynn, in Harper's. It seems to me that he states actualities and simple truths, and I would like very much to recommend this as another spot where you could "go to work" on some of our financial "specialists", and correct this situation before the time comes to start paying these pensions.

While he, or one of his assistants, will probably consign it to the wastebasket, I am sending a copy of this letter to Mr. Eccles because I feel sure that he also would be interested to know the public reaction to his viewpoints as publicly expressed. I do hope that he will have a change of mind because, to be facetious, I think we "Eccles" should stick together.

With best regards and assuring you of my continued support in your drive to eliminate waste and extravagance, I am

Yours very truly,

  
John H. Eccles

Copy to:

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

Dear Mr. Eccles:

While I can understand and appreciate your loyalty to the President, a careful reading of your statements in the newspapers leads me to believe you might be adopting some of the ideas and philosophies of "theorists" rather than relying upon the hard and cold "realisms" which you must have encountered in your wide experience.

Yours very truly,

