

DR. E. W. BAUMAN
72 WEST 98 ST.
NEW YORK 25, N. Y.

2-5-51

Mr M.S. Eccles

Honored Sir

I have noticed your name in the papers from time to time and know you will pardon me for writing you.

I am not a statistician, or an economist, just the man on the street.

I am usually fond of working with numbers & have a fairly good conception of how much a billion is

Perhaps you could be kind enough to advise me where I can look up and find out the National Debt of this country is to-day and what the interest on the debt runs up to in a year, of course if it is not a military secret. We seem to be handing out the billions like so many hot potatoes, and I often sit and wonder what's behind the currency & where does it come from.

The affair in which the lease in respect of the one vessel of the hands to the Govt. is a matter of great consequence to us at the time of this affair of the currency supply the Govt. for the purpose of the war.

We seem to have military secrets & Pacts and Treaties etc. & now I think we are handing the bag to the victor with kindest Personal Regards

RECEIVED IN
GOV. SECURITIES OFFICE
FEB. 20 1951
SECRET
BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

Dr. E. Vaughan Bauman

February 27, 1951

Dr. E. W. Bauman,
72 West 98th Street,
New York 25, New York.

Dear Dr. Bauman:

In your letter of February 5, you asked where you might obtain data on our present national debt and the annual interest thereon. This information is published in the daily statements of the United States Treasury. The enclosed pages, which are from the January 1951 Federal Reserve Bulletin, present the Treasury data in summary form.

You will note that the total gross debt of the United States Government now stands at about 257 billion dollars and that the annual cost of carrying this debt is between 5 and 6 billion dollars. There has been little change in the volume of outstanding Federal debt since the end of World War II, but the amount outstanding on June 30, 1945 represented a more than five-fold increase over June 30, 1940. It is to be earnestly hoped that the present rearmament program will be more nearly financed on a pay-as-you-go basis.

You also raised the question of where the increased supply of currency is coming from. The expansion of the money supply has been based in large part on sales of Government bonds to the Federal Reserve, and is a matter of great concern to us at the Board. It is this expansion of the money supply that is largely responsible for the deterioration in the purchasing power of the dollar.

Very truly yours,

M. S. Eccles

Enclosures.

FILE COPY