

NORTHWEST APARTMENTS INC.

(A MICHIGAN CORPORATION)

9903 LINWOOD AVENUE

DETROIT

TOWNSEND
80051-3

OWNERS AND OPERATORS
APARTMENT BUILDINGS

June 18, 1938

Marriner S. Eccles,
Federal Reserve,
Washington, D. C.

Dear Sir:

I read with interest your comments on the Federal Reserve System and your explanation pertaining to Government bonds as against non-interest bearing currency. It would appear to the writer that if the Government issued non interest bearing certificates in replacing the bonds and the interest so saved were set aside in a fund to amortize and retire such legal tender, that it would only be a question of time till the public indebtedness was retired. What difference would it make whether the bonds were amortized or whether currency would be amortized. It is the same obligation of the Government. Your additional income through the elimination of tax exempt bonds combined with your interest so saved, would, I believe be sufficient to amortize the entire Governmental debts in about 30 years.

I note also your statement that you feel that banks should be permitted to invest more in stocks of local corporations. Would not that again be placing the banks right into the evils of stock subscription which was so greatly criticised during the late 20's. I believe that if you want banks to make loans you will have to put them in a position where they will be compelled to do business or have a different system. As it is today through their service charges, charged against their customers' accounts they are able to pass on the entire cost of their operations, and at times I strongly suspect, also their dividend requirements, to their depositors without any necessity for making any loans at all. I therefore feel that if you eliminate such service charges the banks will of necessity be compelled to do business, and will again be seeking loans. If every retail merchant was able to charge an entrance fee to his store whether a customer bought or not, than the retail merchant would also not give a "hoot" whether anybody ever bought anything.

Very truly yours,


GEORGE LEVEY.

GL:DS

June 27, 1938.

Mr. George Levey,
Northwest Apartments Inc.,
9903 Linwood Avenue,
Detroit, Michigan.

Dear Mr. Levey:

Chairman Eccles requested me to acknowledge receipt of your letter of June 18th and to enclose the full text of his recent letter to which you refer. This should serve to give you his viewpoint with reference to the two questions which you raise.

Very truly yours,

Elliott Thurston,
Special Assistant
to the Chairman.

enclosure

ET:b

Received in
Chairman's Office
JUN 20 1938
Board of Governors
of the
Federal Reserve System