

EUGENE T. McQUADE

116 JOHN STREET

NEW YORK

CABLE ADDRESS "QUADE"

March 28, 1941

Mr. Marriner S. Eccles
Chairman, Federal Reserve Board
Washington, D. C.

Dear Mr. Eccles:

Your open letter to Representative Patman has, I am sure, the support of practically every economist, banker and statesman who understand the implications of Patman's proposals. The difficulty lies in getting the man in the street to understand and support the position outlined in your letter.

I hope you will not discontinue your efforts along these lines. The Public Relations Department of your Board can do a great deal to bring to bear on the question the views and wholehearted support of many people in public life who have the confidence of the voters. Unless that is done you cannot very well get Congress to see the soundness of your views.

It will be no easy project to make clear to the public the reason why the government should put its name on paper on which it is required to pay interest rather than on paper bearing no interest. The printing presses can print money as readily as bonds. This is Patman's argument which, to the average man in the street, is very persuasive.

It is not an accident that our Communist friends advocate inflation as an instrument to accomplish their own objectives. They see clearly that inflation is the greatest revolutionary force they can bring to bear on the American situation. They know inflation throws out of gear our entire economic machinery thereby requiring more government regulation, and necessarily of an arbitrary nature, and more discontent among those whose living standards are destroyed by inflation.

Perhaps Representative Patman might be induced to reconsider his lifelong inflationary views if it were impressed upon him that he is playing right down the Communists' alley. This Communist slant is, perhaps, a good way to persuasively dramatize the inflation question to the American public.

With best wishes, I am

Sincerely yours,



March 31, 1941.

Mr. Eugene T. McQuade,
116 John Street,
New York City.

Dear Mr. McQuade:

As Mr. Eccles is temporarily absent on a trip to the west, I wish to acknowledge receipt of your letter to him of March 28 with regard to his recent open letter to Representative Patman. He will, I know, be gratified to have your approving comments as well as your suggestion for giving as much publicity as possible to the answers to the Patman arguments.

I shall see that Mr. Eccles has your letter upon his return. Meanwhile, permit me to thank you on his behalf for your courtesy in writing.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,
Special Assistant
to the Chairman.

ET:b

Received in
Chairman's Office
MAR 29 1941
Board of Governors
Federal Reserve System