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EMPIRE STATE BLDG.

SPOKANE, WASH.

June 10, 1941.

Hon. M.S. Eccles, Chairman
Board of Governors
Federal Reserve System
Washington, D.C.

Dear Sir:-

In the March 24 th, 1941 issue of the Congressional Record on page 1428 A is found the reply of yours to Hon. Wright Patman of Texas to his speech in the House of Representatives, in which you describe the workings of the Federal Reserve System.

Your letter is very clear and to me conclusively answers every point raised by Mr. Patman, showing the use and benefits of the system. It seems that such a valuable document should not be hid away in the Congressional Record, but should receive wider publicity.

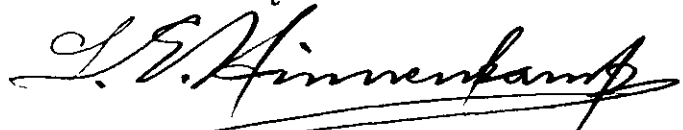
One paragraph on page A-1429 however, is not quite clear to me, and with your wide knowledge of the subject, you no doubt will be able to enlighten me thereon; it is in regard to the system in use in Germany; We quote in part your reference thereto:

"For all the boasted efficacy of German financial management, the Nazi government has adhered to strict orthodoxy in paying interest rates on its obligations, considerably higher than ours."

Now, what I do not quite understand, is the kind of obligations referred to; in what form they are issued; debentures, notes or bonds? Also, are these obligations issued and held by the government, or are they sold to individuals?

Thanking you in advance for any information you may offer on this subject, I am

Yours truly



Empire State Bldg. - Spokane, Wash.

June 18, 1941.

Mr. L. E. Hinnenkamp,
Printing Specialty Company,
Empire State Building,
Spokane, Washington.

Dear Mr. Hinnenkamp:

I have your letter of June 10 with reference to my letter to Congressman Patman of Texas. I am gratified to have your approving comments. It is encouraging to know that some of those who read the letter feel that it answered the points made by Mr. Patman.

In regard to your question as to German finance, let me say that the German Government has been selling securities to the public in the orthodox fashion. Whether they are described as debentures, notes, or bonds is, as you know, merely a matter of terminology. In any case, the government pays interest on these obligations that are sold to the public.

I appreciate having your letter and your interest in writing.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

Received in
Chairman's Office
JUN 16 1941
Board of Governors
of the
Federal Reserve System