

Winwood Park, Illinois,

October 1, 1948

Honorable Marriner S. Eccles,  
Member of the Federal Reserve System,  
Washington D. C.

Honorable Frederick S. Deibler,  
Professor of Economics, at Northwestern University,  
339 East Chicago Avenue,  
Chicago, Illinois,

Honorable Sirs;

First permit me to apologize for typing this letter to you above gentlemen without your personal permission, but according to my humble knowledge you are one of the two outstanding men today in these United States on our MONETARY POLICIES for our government and for people residing in these United States.

With great interest I study our present day inflation movements in our country, and to my observation this nation is going to have another severe depression soon. Our great leaders in our government doing nothing to prevent this terrible catastrophe now, therefore we the people must again face the consequences.

I sincerely request your personal comments on the following urgent matter as follows;

On page 386 in the book called "National Stabilization", on January 23, 1948, Dr. Walter E. Spahr had stated the following words before the Senate Banking and Currency Committee;

"The promises of our Government and banks today are not good, insofar as our circulating paper money is concerned, silver certificates excepted, and the value of these promises is declining with relative rapidity in terms of what they will buy."

On page 393 Dr. Spahr have stated further the following words;

"Our promises to pay, our paper money, except silver certificates, all of them carry false promises to pay, which in my judgement is very unfortunate for the United States.

"I don't think most people have studied that. They don't realize that if you have a bank note in your pocket or any other type of paper money except a silver certificate, which is redeemable in silver, you are really paid in another promise to pay which is likewise irredeemable.

"In other words, our banks and Treasury are issuing money that they have not the slightest intention of redeeming. Therefore as the pressure comes on Congress from all over the country, these promises to pay are pumped into the circulation and this thing just goes and goes and goes. I also pointed out to Senator Tobey going back to the gold standard is only one of many things that need to be done. In that + do not mean it is a cure-all."

Senator Robertson says;

"Going back on the gold standard would involve conditions not too clearly seen, and we would take other steps that we could better recognize and could break the back of inflation. I think we could do that today, if we wanted to do it, just by withdrawing the SUPPORT OF GOVERNMENT BONDS AND ENDING OUR OPEN-MARKET OPERATIONS."

Dr. Spahr says;

"I think that would break the banks and break the insurance companies."

Senator Robertson says;

"I think the bonds would go below par in less than a month, and if they did the banks would begin calling their loans."

Dr. Spahr says;

"I think we would have the panic."

Senator Robertson says;

I really do think we would have a panic. It would be a severe depression."

According to the above statements Honorable Sirs; how can a ordinary American citizen prevent from losing their little savings in banks with such improper currency as now in circulation?

Will the United States Government Bonds be repudiate by our Government?

Congressman A. J. Sabath from the State of Illinois have stated the following words in the Congressional-Record dated August 6, 1948;

"The increase in the gold-reserve requirements of the Federal Reserve banks as now proposed by the House Banking and Currency Committee would make no contribution whatsoever to the fight against inflation, but, if adopted might be of disastrous consequences to the economy as a whole.

"Furthermore, the new requirements might jeopardize the ability of some Reserve Banks to supply credit to their member banks and compel the Federal Reserve System to abandon support of the Government bond market.

"The Republican bill passed yesterday, while completely ineffective in the fight against inflation, might precipitate a run on the currency and the collapse of bond market."

What do you think of the above statement Honorable Sirs?

Permit me to quote again from a book called "Inflation is Coming", by Ralph Bersodi, on page 49 you will find these words;

"At present, every family whose savings consist of deposits in any kind of bank, is living in a fool's paradise. We are in the midst of the greatest period of prosperity in the history of

the United States. But the tower of debt is constantly growing higher and higher. The question is, what will happen when people begin to withdraw their deposits from the banks faster than new deposits are made in them?

"What will be the final outcome when people begin to lose their confidence in the stability of the banking system?

"My answer is that they will lose all or lose most of their savings, in spite of the so-called reformation of the banking system. And my answer, therefore, to the first question you have asked me is that every family in the nation should begin now to withdraw the money it has on deposit in any kind of banking institution and to invest all of its surplus cash in tangible and productive property of various kinds."

Mr. Ralph Borsedi, states further about the United States Government Bonds these words;

"I look upon my Victory Bonds exactly the same as I do upon my bank deposits, as something the value of which will go down nearer and nearer to zero as the inflation becomes worse and worse. (The above words you will find about bonds on page 55 in the so called book "Inflation is Coming."

Honorable Sirs; what are your comments on the above statements as made by Mr. Borsodi?

Mr. Samuel Crowther, in his book called "Time to Inquire", have stated the following words on page 324 about our Federal Debt;

"The greatest problem in this country is the Federal Debt, and as I have previously outlined, the immense purchasing power represented by the bank deposits created by the debt.

"There is a school which says that the debt does not matter, for we pay the interest to ourselves. If that were so, the logical procedure would be to cancel the debt and avoid useless bookkeeping.

"The debt is a debt, and the only way to pay the interest or to retire it is through tax collections. If the tax rates be set high, we know that the ability of the nation to feed, clothe and house its people will steadily diminish and therefore, after a period of grinding poverty, the debt would have to be repudiated.

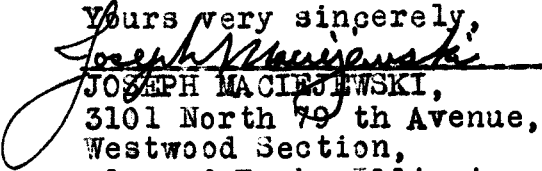
"If we go into the sequences of a planned economy and a military dictatorship, the debt will of course be repudiated, for the State will then own everything and it cannot owe anything to the people."

According to the above statements as made by Mr. Crowther, our Government Bonds will in the future date be repudiated by our Government. What are your comments in this vital matter Honorable Sirs?

Hoping to hear from you at your convenience, in the above matter.

JM/cm.

Yours very sincerely,

  
JOSEPH MACIEJEWSKI,  
3101 North 79th Avenue,  
Westwood Section,  
Elmwood Park, Illinois.

October 8, 1948.

Mr. Joseph Maciejewski,  
3101 North 79th Avenue,  
Westwood Section,  
Elmwood Park, Illinois.

Dear Mr. Maciejewski:

I acknowledge receipt of your letter of October 1. For me to intelligently comment, as you request me to do, upon the three pages of quotations from a variety of people would require a very lengthy letter and would take far more time than I have available. I am, therefore, sending you a booklet covering the full text of my testimony before the House Banking and Currency Committee on August 3. You will find that this answers directly or indirectly a great many questions which you raised. I hope it will adequately serve your purpose.

Sincerely yours,

M. S. Eccles.

Enclosure

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