

December 19, 1947.

The Editor,
Time Magazine,
Time and Life Building,
9 Rockefeller Plaza,
New York 20, New York.

Dear Sir:

However Brown, Sproul and Eccles may differ about the Board's (not Eccles') special reserve plan, there is no perceptible disagreement among us as to the relative insignificance, as an anti-inflationary measure, of increasing Federal Reserve Bank discount rates. Member banks do not like to borrow and do not have to when they can get reserves via gold inflow or selling some of their holdings of Government securities.

Time (December 22, page 67) marred an otherwise good reporting piece by making it appear that the discount rate is a club to beat inflation down. It would probably be an overstatement to call it more than a toothpick.

Very truly yours,

M. S. Eccles,
Chairman.

ET:b
