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Springfield, Ill. Dec 16 - 49

The Hon. Marriner Eccles
of the Federal Reserve Board

Testimony Files

Dear Sir

Drew Pearson in his "The Washington Merry-Go-Round" mention the defference of oppinions betwen you and Secretary Snyder on inflation. I have allways like your way, but in the present controversy I belive Snyder right, where in a contracting economy will these big holders of Governments find a place to put their money if they put it in Stocks and Bonds others will do the same until the big boys are forcht to withdraw for softy sake. I belive both of you se the impossibilyty of either the Reserve or the Treasury to control an inflation, thats why you blame the Treasury and the ~~Treasury~~ Congress and you.

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The fact is that the three of you combined can do but little to hinder or start an inflation in peacetimes, for that dependes on how all of us individuals in the nation handle our money. If all of us go on a buying spree and those there sell ups price becaurs they can we will have inflation regardless of what you three do, on the other hand if we ceep on saving more than can be used for Plants as we are doing now we will have a gradualy deflation, for when Plantowners can not sell the output of thier present capasity they will not borrow to extend and Banks and Inshuranges Co. will not let them have it if they would. The whole trouble coms becaurs there is not a general understanding of our mediums of exchange, this is

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why we made fiatmoney out of about two hundret billions of dollars by refusing to pay for the war as we went in to it. The moneytary theory below I call the Sorensen theory and will prove the above, this theory is not to be confuced with, Income - Expenditure or semerlar theorys for it is based on and stems from that we as consumers have the money equel to the price of all the goods on the market for we made it in making transporting and destributing it, it took 22 years to develop it to its point.

We never resive a dollar curren=sy as pay until after we have put a dollarsworth of goods on the marked either by direct or inderect production, (all services are inderect production of goods) this is what gives the dollar its valu and make it a

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medium of exchangs for peopel have found throught usago that the can get this dollarswort or its equevelent of goods for the dollarsworth they let us have for the dollar. We can not get an acount at a bank until after we deposit at least paper there proves that we have put goods, new or old, fenisht or unfenisht on the marked eugel in valee to the amount of our acount, a check writhen against and within the amount of such an acount is a medium of exchangs for goods of eugel valee can be had for it to the valee of that surendret for it. Counterfiet ~~mo~~ currensy and bad checks are not mediums of exchanges for no goods was put on the marked by those tending them there can be had for that surrendret for them. We made fiat money out of the money we

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made on making wargoods and refused to use to pay for this wargoods in tax, for this goods were not on the marked but was given to our amred forches and thier dependents, hens there were nothing we could buy with this money but higher price, let an equel amount of counter=feet or bad check money come into being and the result will be the same. Money allso comes into being equel to more produc=tion at the same price or the same production at a higher price, if it does not, peopel in the Markedplase will invent money there will. Money vanisks at less production at the same price or the same production at a lower price. if it does not, peopel in the Markedplase will invent a mony system where this is tru, thats why it does just this. Money comming into being and vanishing

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in this way does away with the velocity theory of money when used in the sens that it can increase the quanity of money in the nation over and above the price of the goods in the nation, for at eacht turn-over one goods must move from backing it, and another imedately takes its place, making it in fact the same as a new dollar in the system, and so leving the relation betwen money, goods and price the same no matter what the velocity. I am writhing Snyder a simelar letter. I have writhen it to Douglass but dit not give the base from wich it sprung so he likely thinks it is some kind of version of the income-expenditure theorys, none of these is based as mine nor do the give the valu of money as the goods we have to put on the market to get any money, this allso is the valu behind goldcoin. Because the way we all

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of us handles our money give us the economic condition we have at anytime, then what you three does or do not do regarding finance has but little if any ef=fect, but Haurs and Snyders arguments over inflation may get peapel spending more and so ofset Douglass's save more de=flationary talks wicht well get peopel to hang on to thier money, The aboue should be taught in gradescoole, peopel then would be willing to act acording when you say save more or spend more for the will understand the reson why, the same for taxes they would know that we should pay more taxs now for taxes are spent and that it is the money we have after taxes not being spent there is the reson for the creeping depresion we now have.

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