

ELBERT D. THOMAS, UTAH, CHAIRMAN
JAMES E. MURRAY, MONT.
CLAUDE PEPPER, FLA.
LISTER HILL, ALA.
MATTHEW M. NEELY, W. VA.
PAUL H. DOUGLAS, ILL.
HUBERT H. HUMPHREY, MINN.
GARRETT L. WITHERS, KY.
ROBERT A. TAFT, OHIO
GEORGE D. AIKEN, VT.
H. ALEXANDER SMITH, N. J.
WAYNE MORSE, OREG.
FORREST C. DONNELL, MO.

EARL B. WIXCEY, CLERK

United States Senate

COMMITTEE ON
LABOR AND PUBLIC WELFARE

January 26, 1950

Mr. Marriner S. Eccles
Board of Governors
Federal Reserve System
Washington, D. C.

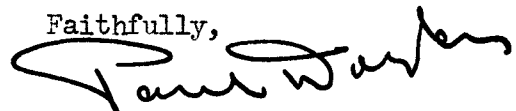
Dear Marriner Eccles:

Thank you for your very fine letter. I think the report will be of help in starting people to think about the problems. If we can get people to really open their minds on the subject, I am not afraid of the verdict.

Both Mrs. Douglas and I are sorry we can't join you for dinner. I have to go back to Chicago for some meetings.

With best wishes,

Faithfully,



Paul H. Douglas

phd;jr

January 23, 1950.

Honorable Paul H. Douglas,
United States Senate,
Washington, D. C.

Dear Senator Douglas:

Now that I have had an opportunity to review your report and also to hear your talk in the Board Room a week ago, I want to tell you that I can think of nothing I would add or subtract from either. If I had had a hand in writing the report I could not have drafted one more satisfactory from my standpoint and more completely in accord with my economic philosophy for more than 20 years.

I am pleased, of course, to see the Federal Reserve portrayed in the role it was intended to play, but far more important to my mind is your relating it to the broader pattern of the compensatory function of Government. I think this is bound to have increasing acceptance among businessmen and bankers today, not because they inherently want Government to play so dominant a part but because they, or those who are long-headed enough, see that the only alternative is a system of controls which are the antithesis of private enterprise and democratic institutions. I was gratified to notice that various newspapers which blasted my views in the early 30's on a compensatory policy accorded nothing but praise to your report. It has the great virtue not only of penetration into the complexities of the problems of stability but a clarity which makes a difficult subject seem almost simple. That, I thought, was the great merit of your talk to the Federal Reserve directors who were at the meeting last week. In all the years that I have been in Washington I have never before heard any analysis as impressive as yours was because of its insight, the lucidity of your own expression, and the great conviction it conveyed.

It is hardly in character for me to be so fulsome but you will forgive it, I trust, because both your report and your talk gave me more encouragement than anything that has happened in a long, long time.

Sincerely,

M. S. Eccles.

ET:mmm