

Don't think this
requires an answer.

ESH

2.5.51.

Dear Sir,

I'm home sick and please excuse my typing.

Since we are faced with the evil of inflationary psychology, why could we not fight it with DEFLATIONARY pshchology? Why could we not reduce tariffs say 5% per month. This is mildly deflationary and not suddenly harmful, if at all. There are dozens of other wqys of deflating, bureaus could be cut right and left, and cannot people in government cut and talk about more cutting.

On September 14th 1928 I wrote to a half dozen economists to say that the crash was in the making. All told me I was wrong. Moody said that a "defaulted foreign bond would be as rare as a white robins egg". Irving Fisher said that realty was only inflated "in a few urban areas". We then had inflation(of securi-ties) for a year and four days, and then the security crash followed by the bus-business crash. Can we not expect now and inflation followed by a deflation. Everyone really expects this, but thinks(in Wall St especially), that it can't happen now. But if we talk about the inevitable it sometimes hastens events, and in this case the inflation might be leveled off. Might it not?

I'm a stock broker, and manage trusts largely, and that is a beautiful nightmare, but things are not helped by the Washington talk about more and more committees. Its rather dreadful to ask a great sailor, on of the greatest, such as Admiral Nimitz, its awful to ask him to say and define the encroahments of government on the rights of the English speaking individual, and due process of law. Isn't it clear, abundantly clear (as Mr Tugwell would say) that the area of free action is gradually disappearing, but, or rather "and" with a painful regularity? ~~It is~~

It seems to me that if the dreamers talk about bigger government, its up to sane people to talk about "smaller" government. And if people like Mr Keyserling talk about prosperity, isn't it just to talk about the consequences of this artificial boom, this synthetic prosperity and consequent deflation, or worthless money.

I naturally assume that our currency will be devalued, but from my reading I'm convniced that devaluation will not be enough to set things right, when once the confidence in government sincerity and securities has gone. And can it help going?

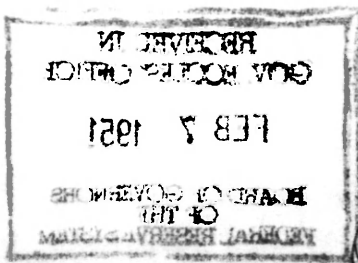
This adds up to the thesis that if we talk of the glaringly obvious results of this inflationary nonsense, if we talk about the nonsense, will we not lessen it?

I fear that if Mr Truman had been through the German inflation, he would still be sure that it could not happen here, and certainly not in Missouri. Yet he must know that its no fun to get a good kick from a mule, and when phony money gets strong it can kick like a mule.

Yours sincerely,

AWB
Alfred Biddle.

Hon. Marriner Eccles.



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