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January 6, 1939

Mr. Marriner S. Eccles,  
Federal Reserve,  
Washington, D. C.

Dear Mr. Eccles:

I am enclosing herewith copies of letters which I sent to Mr. Lewis Haney on October 10th, 1938 and January 5th, 1939, which I believe may be of interest to you.

I also wish to acknowledge receipt of your letter of December 7th, 1938 in which you enclosed a copy of your address delivered December 1, 1938 before the New York Chapter American Institute of Banking in New York City. In this address I feel you have clearly and entirely summed up the present situation. I think that American banking should be separated entirely from control of industry. They should be made to go out and work for a living for under the present set-up they have absolutely no community of interest with our people.

I again wish to thank you for your courtesy in sending me a copy of your address as I have most certainly benefited through reading the same.

Sincerely yours,

*Geo. Levey*  
GEORGE LEVEY

GL:DS  
2 Encls.

(COPY OF LETTER SENT TO MR. LEWIS HANEY)

October 10th, 1938

Mr. Lewis Haney,  
King Features Inc.,  
New York City, N.Y.

Dear Mr. Haney:

I read with interest your article under date of October 6th headed "New Deal lays slump period on business men". I note particularly your comparison of the President's attitude with that of Hitler in desiring peace on his own terms.

As a constant reader of your column, I have during the past twelve months particularly noticed your placing the blame for present financial conditions on Government interference. Just what has big business to offer the American people other than waving the constitution or blaming the Government for everything that is happening. Who instructed the banks to go out in the late 20's and with other people's money attempt to buy up control of American industry and business through mergers which they unloaded on the public at fancy prices - to unload hundreds of millions in foreign bonds, that have since turned out worthless on the investment public - the most ruthless period of liquidation placed into effect by bankers during 30 and 31 which threw hundreds of millions of dollars of undigested merchandise on the market at distress prices with which no manufacturer could compete, causing plant shut down, increasing unemployment, and intensifying the holocaust. These same gentlemen who as President Roosevelt said "had abdicated from their positions of authority" and now having clambored back to prosperity on the coat tails of Mr. Roosevelt with their coffers filled, complain that everything Mr. Roosevelt proposes is all wrong.

During the past 35 years our business leaders have taken the American workman who was living within walking distance of his place of employment, transported him to a gigantic city, making possession of his own means of transportation a necessity, increased his productive power, taught him the benefit of motor cars, radios, moving pictures, created billion dollar corporations with annual earnings running into the hundreds of millions, exploited every principle of our American Democracy to their own benefit and having failed to consider the American workman or to provide for him in their order of things, being absolutely unwilling to assume responsibility for their own creation they are now ready to sell Democracy down the river, turning to Facism in a mistaken belief that by so doing they will perpetuate their own position.

#2--Haney.

Throughout the ages and history of mankind every past era of civilization has been destroyed by the greed of those at the top, their blind refusal to give those at the bottom a more equitable share of what they are producing. Is history again to repeat itself? I see a direct tie-up between what is happening abroad for which leaders of European Democracy are directly responsible with happenings in this country during the past twelve months. The sit down strike of Capital. The utter lack of sales effort during the current year, and even today with orders on hand for hundreds of thousands of automobiles no great effort is being made to speed up production. We see reports in the papers of the tie-up of industrial leaders with unamerican activities, Mr. Hitler bestowing decorations on leading American industrialists. The cry of Communism will not continue to act as a smoke screen, protecting those who are definitely engaged in sabotaging our Democracy. I am not impressed by the claim of Rugged Individualism that has permitted bankers to loot railroads, issuing hundreds of millions of dollars in bond issues, the proceeds of which were used mainly in financing the acquisition of control in other units, and when said control had ~~materially~~ accomplished its purpose, additional bond issues were floated to finance the resale of same at advantageous profits to themselves. Why blame Labor unions entirely for the conditions that these roads now find themselves in? Neither am I impressed by the claim of bankers that they cannot find worthwhile loans or secured investments for their funds. I think if the service charges that the bankers have installed since 1933 whereby they are able to pass on the entire cost of operation, and at times I strongly suspect their dividend requirements also, to their depositors, were to be eliminated and the bankers compelled to go out and work for a living they would soon find plenty of attractive and meritorious loans.

Sincerely yours,

GL:DS

GEORGE LEVEY

January 5, 1939

Mr. Lewis Haney,  
Kings Features Inc.,  
New York City, N.Y.

Dear Mr. Haney:

I have noted with interest certain comments in your articles of the last few days on the philosophy of Mr. Eccles.

You dispute the statement that Government borrowing creates bank deposits and thereby provides newly created money. How do you account for the fact that we have some fifty five billion dollars in bank deposits as against a total of six billion dollars of currency in existence?

You comment on these greedy buyers of foreign bonds in 1929 that were bad. How about the distributors who exploited the desire of these "greedy investors" who in many instances I know were only seeking a secured investment that had been highly recommended to them. To offset Mr. Eccles' statement, what did the bankers accomplish in their desire to obtain control of our national industrial life that brought on the crisis of 1929. In a desire to save themselves from the results of their own folly they placed into effect the most ruthless period of liquidation the world has ever seen so that by 1933 our entire banking system was a shambles. Thousands of business men were forced out of business through this ruthless liquidation, others forced to close their doors unable to compete with distressed merchandise of unprecedented proportion. Now having clambered back to prosperity on the coat tails of Mr. Roosevelt these gentlemen complain of Government spending, the very spending that enabled them to do what they did in 1933, 1934, and 1935.

I feel that if the Government were to make these gentlemen go out and work for a living, stop the easy picking of Government financing, eliminate service charges which enables the banker to pass on their entire cost of overhead to the depositors, and in many instances I strongly suspect dividend requirements, Mr. Eccles might not have so difficult a time in placing the funds created through Government borrowing, into circulation.

Sincerely yours,

GL:DS

GEORGE LEVY

January 9, 1939.

Mr. George Levey,  
Box No. 61, Linwood Station,  
Detroit, Michigan.

Dear Mr. Levey:

Permit me to thank you for your letter of January 6th enclosing copies of the two letters which you addressed to Mr. Lewis Haney. I am gratified to know that you challenged some of the statements which he has been putting out, and I was interested to note the incisive points which you made.

I appreciate your interest and your thoughtfulness in sending me this material.

Sincerely yours,

M. S. Eccles,  
Chairman.

ET:b