

P.O.Box 122,
Mannington, W. Va.
June 27, 1939.

Mr. Merriner Eccles, Chairman,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Eccles:

In reading the Washington-Merry-Go-Round, under subtitle "Too Much Saving," you are accredited with having told the President that the piling up of a vast pension reserve, is taking out of the pockets of consumers and putting it in an idle fund. That what should be done is to provide reasonable pensions for old people immediately, as this would not only meet a great social need and popular demand, but would also economically sound at this stage in our economic life.

With this statement I am in hearty agreement. Therefore I very much deplore the empty gesture made by the House of Congress in its recent pretense of liberalizing the social security law by increasing the federal contribution for old age assistance from \$15 to \$20 per month. This amount to be matched dollar for dollar by the states as previously provided for in the original act.

What congressman does not know that West Virginia, along with many other states, is not matching dollar for dollar, even the half of the present federal appropriation of \$15 per month? Consequently, the \$5 increase in federal appropriation is little less than cold mockery. Even if we ignore the humanitarian standpoint and consider it only from political expediency, just what result is such an act likely to produce in the 1940 election? There is already a substantially growing conviction among the masses that the administration of old age assistance and relief in general, is nothing less than an efficient and highly paid political machine which absorbs the major portion of all relief appropriations.

As a result of this conviction, great numbers of both Democrats and Republicans are enthusiastically climbing onto the Townsend band-wagon and lustily whooping 'er up--blissfully ignorant that capitalism will never allow the Townsend plan to become law. But what of the result? It is my conviction that the 1940 election is already in the ballance, and the Townsend vote may be the means of tossing the chief political rewards into the lap of the already distracted GOP, and perchance to another Hoover with his famous wrecking crew--will masterly Republican strategy bring this about? No, only blind conservative Democrats can do it for the economical sterility of Republicans.

Very truly yours,
S. D. Gifford
S. D. Gifford.

July 1, 1939.

Mr. S. D. Gifford,
P. O. Box 122,
Mannington, West Virginia.

Dear Mr. Gifford:

This is to acknowledge receipt of your letter of June 27. I was very much interested in having your comment in regard to the present operation of our pension system. I undertook to discuss this very briefly in a recent speech before the Harvard Business School Alumni and I am enclosing a copy.

I wanted you to know that I appreciated your interest and your courtesy in writing.

Sincerely yours,

M. S. Eccles,
Chairman.

enclosure

ET:b