

JOHN L. WHITEHURST
401 EAST OLIVER STREET
BALTIMORE

June 9th/39

Hon. Marriner S. Eccles,
Washington, D.C.

Dear Sir:-


Upon completing the reading of two articles in the current issue of "Banking", the thought arose that you may not have read them and as they are brief and in my opinion very pertinent, I have taken the liberty of enclosing the same.

I am sure you recognize the spending theory has gotten us nowhere in the desired direction and as the Secretary of the Treasury has indicated a very desirable viewpoint in the direction of advocating a conservative policy, it is hoped you may see your way clear to join him in view of the fact that the President seems to be guided primarily by your viewpoint in matters of a monetary nature.

The writer cannot recall in over thirty nine years of business experience where conditions have been in as much of a stalemate as ^{at} present and as the enterprise of which he is President caters to many important industries and is practically national in scope, it is believed this is a reflection of the average cross currents.

I am sure you realize we are getting nowhere rapidly after six years of the most extravagant experimentation and the one puzzling fact to me is why there seems to be such a disinclination to try a conservative course for awhile. It certainly would not prove as expensive a trial and the conservatives might be right partially at least.

Very respectfully,



June 30, 1939.

Mr. John L. Whitehurst,
401 East Oliver Street,
Baltimore, Maryland.

My dear Mr. Whitehurst:

This is to thank you for your letter of June 9, enclosing two articles from the current issue of "Banking".

You greatly exaggerate my influence in Government policy-making. Except for some of the steps taken in development of FHA insured mortgages and in connection with improving bank examination, lending and investment procedure and policies, I do not know of any instances in which action of any material importance resulted that more or less accorded with my own views.

While I would not agree with you that deficit-financing has "gotten us nowhere", I think it has not been wisely managed, probably because it has never been adequately comprehended and that the nature, direction and timing of the Government's expenditures have not gotten us as far as they should have. Nevertheless, this has been the most conspicuous single force that has had a definite and demonstrable beneficial result.

I think much more could have been accomplished with much less of a book deficit if there had been a better comprehended and organized effort. At best, deficit-financing is an expedient, not a cure, to bridge us over until private activity is able to absorb a substantial amount of the unemployed. I am interested in whether Government action seems to me to be realistic and of practical benefit in stimulating private business activity, and I do not care whether such action is labeled conservative, or liberal, or what-not. The so-called conservative programs typically put forth by business groups frequently appear to me to be as unrealistic and impractical as those proposed by the groups to the extreme left.

It is impossible even to touch on the many aspects of our economic situation today, as I view it, in the space of a letter. I sought to cover some of the broader ground in an address two weeks ago in Boston, a copy of which I enclose. I was impressed, however, by the spirit which evidently prompted your letter and wished both to express appreciation of your interest and to give you in brief, entirely for your own information, my general viewpoint.

Sincerely yours,

M. S. Eccles,
Chairman.

enclosure

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The citations for the original articles are:

Benson, Philip A. "Encourage Risk Capital." *Banking*, June 1939, p. 84.

Harriman, W. Averell. "Sound Rail Systems." *Banking*, June 1939, p. 83.

Boyd, E. J. "Some Notes on Instalment Credit." *Banking*, June 1939, p. 83.

Banking, "Loans to Small Business," June 1939, p. 65.

Journeyay, Albert. "Heard Along Main Street." *Banking*, June 1939, p. 66.