

140 De Mott Ave
Clifton, N.J.
June 17th, '39

Mr. Marston S. Eccles
Washington D.C

Dear Mr. Eccles: -

I am a Republican, however, during the last year, I have become increasingly dissatisfied with the ideas of some of my Republican friends - especially the one idea that holds that everything the New Deal attempts to must per se be a "damn-fool" idea and that everything done by old-line bankers and business men must be perfect.

It seems to me that you "have something" in your reported speech at Boston. I am referring to your proposition on F. H. A. rate reduction.

As I understand this economic mess the main thought is to get the three M's moving - Men, Money and Machinery.

Here is where I enter the picture. I have some land and want to build a house. I earn a modest salary and know enough about

(2)
the mathematics of finance to reduce
the true costs of owning a home.
It seemed to me that with money
rates so low (New Jersey is cutting
bank interest to 1%) that I might
get the loan of several thousand
dollars at a 4% rate by putting
up 40% of the cost of the house and
amortizing over a period of 15 years.
I can put up such a large percentage
because I have been rather a
careful saver for some years.

On the other side of the picture
I know that every new house means
a lot to the depressed building
trades in this vicinity - and, I
suppose, to the country in general.

I talked to several bankers
about my ideas on money rates.
Yesterday, one banker summed up
the feeling very nicely when he
said "We are not interested in
lending money to you. Why
should we be, when we can get
guaranteed 5% F.H.A. mortgages?"
I had to agree with him. Why
should he be interested in my

proposition? of course ⁽³⁾ that would mean $5\frac{1}{2}\%$ to me ($\frac{1}{2}\%$ insurance cost).

I understand you are a banker. I mean no offense, but it does seem to me that many in your profession who pride themselves on being conservative are just plain stupid.

- In look Mr. Eccles. at 4% financing I can see my way clear to shoulder the cost of a house. It looks attractive. - But at these higher rates I am doubtful. So that our economic machine may lose the slight help I could give.

To round out the picture I will say that I have a job under tenure and, in addition, could give additional security in the form of Life Insurance policies. The bankers, however, are not interested.

It seems to me that a sound risk (if I can flatter myself) should receive preferential treatment. Anyone willing to put up 40% of the cost and amortize in 15 years should be a sounder risk than one

making 90% and taking ⁽⁴⁾ 25 years
to pay off. Don't that logical?

In closing I think your idea
of a government guarantee at
4% is generous under existing
conditions. More power to you.

Yours truly,

A Booth

June 24, 1939.

Mr. A. Booth,
140 DeMott Avenue,
Clifton, New Jersey.

Dear Mr. Booth:

I have your letter of June 17 with reference to my recent address at Boston, copy of the full text of which I enclose.

I, too, have been a life-long Republican and, like you, I am interested in judging public policies by practical results and not merely on partisan grounds. Your own case for financing a house seems to me entirely sound and meritorious and doubtless there are innumerable others.

I wanted you to know that I appreciated your interest and encouragement.

Sincerely yours,

enclosure

ET:b

M. S. Fedlin
Received
Chairman's Office

JUN 19 1939
Board of Governors
of the
Federal Reserve System