

JOHN C. HAMM
MEMBER STATE BAR OF CALIFORNIA
TEMPLE CITY, CALIFORNIA

June 28, 1939.

Honorable Marriner S. Eccles, Governor,
Federal Reserve Board,
Washington, D. C.

My dear Governor:

Again I have the pleasure of adding my meed of praise and commendation as attribute to the high quality of your statesmanship.

The press account contained in Washington Merry Go Round of your advices to the President on "too much saving", and recognition of the principle underlying retirement life payments, and your firm stand in reply to the President's plea that it is too late to change social security legislation, place you in the front rank of progressive statesmen of this period.

What pleases me very much is that you were, and are, in position to bring this thing home to the President as none other with your keen understanding can. Early in 1935 when the subject of social security became matter of first importance, an "expert" was sent to Europe to gather data for a plan for modern America. The results were embodied in a scheme of "saving" forty years too late.

When the present form of the Social Security Act was agreed upon, I wrote personally - "Mr. President, you cannot put the new wine of a christianized social security in the old bottles of economic hoarding, selfishness and greed." Of course the "cordon of secretaries" never let the President see this warning. It was referred to Witte and Altmeyer and the other devotees of the antiquated system that was perfect because they had perfected it.

I feel sure my aphorism has been fully vindicated by the futile attempt to administer a scheme that is inadequate, confiscatory, discriminatory, and one of the most unpopular of New Deal Acts. Your undeniable statement to the President that "what should be done is to provide reasonable pension for old persons immediately, without regard to whether they have contributed to the fund, . . . would be economically sound at this stage of our economic life," is of the very essence of the whole matter.

This "stage of our economic life" has produced a permanent quota of unemployed by the multiplication of "labor-saving" machines; has produced about eight millions of paupers, or near paupers, who were the builders of the last generation, but whose savings, security and substance was destroyed by a "change in policy" of the Federal Reserve Board in 1921 under a far different head than you; has destroyed the morale of marital and home life of a decadent democracy. There would be no "isms" in our country today if what you told the President that day were enacted into administrative law.

For the sake of your father's friendship, as well as for our common ideals, may I subscribe myself,

Faithfully, your Friend.

John C. Hamm
John C. hamm.

July 5, 1939.

Mr. John C. Hamm,
Temple City, California.

Dear Mr. Hamm:

I have your letter of June 28 and appreciate your thoughtfulness in writing to me again.

I, of course, agree with you about the present operations of our social security system, and I was interested to learn that you had questioned it at the time that it was agreed upon. While I was strenuously opposed then, as I am now, to any such enforced saving in a period of depression, I have not been successful in having my view of it prevail.

I wanted you to know that I am glad to have your views and your encouragement.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

July 26, 1939.

Honorable Marriner Eccles,
Federal Reserve System,
Washington, D. C.

Dear Governor Eccles:

I am grateful for the spirit of your letter of July 5th. Grateful too that you were glad to have my views and such encouragement my whole-hearted interest is able to convey.

It is becoming more evident to me that you have a broader and more profound conception as well as a clearer vision of the problem involved in our monetary and social status than the great majority of those now entrusted with the making and administration of our laws.

Realizing your comprehension of this problem, I feel freer to present to you my view-points with an assurance that you will understand - that which all too many in public life do not.

Going back a generation, we find a proud, happy, prosperous, contented and progressive people. Persons of all ages could find employment in the spheres of life for which they took pride in fitting themselves. Individuality was possible. Choice was at their command. Home life the rule of the community. The great mass engaged in agricultural pursuits were independent and secure.

Something struck at the heart of that security. Something turned our country from its moorings in the safe harbor of contentment, and the morale of our national life has been sinking to lower levels ever since.

I place the beginning of the economic debacle, especially as affecting our basic industry of agriculture, in the Spring of 1921. The "change in policy" adopted by the Federal Reserve Board started the destruction of that industry. Following hand in hand was the change in technic of the industrial system. The world war had taught industry that it could do things with a modicum of men where many had been required before.

Thus the destruction of the accumulations of millions of people who were the flower of the last generation, augmented by the displacement of craftsmen by mechanized tools, created a condition of disemployment the worst ever known. Millions of these were those who had saved - their savings went down with the failure of over five thousand banks in the eight years preceding 1929.

These are the real "forgotten men". They were not shiftless. They were the builders of their generation. They had saved, and the

manipulation of a financial system by men who, I will be charitable in believing, did not know the consequences of their acts. These millions once well-to-do, were despoiled of their savings, their homes, their hopes, - and are now subjected to a system of pauperism that has driven them to feel that even their honor is lost. Is it any wonder that more persons have committed suicide since 1921 than all the soldiers that were killed on the battle-fields of all the wars in which we have engaged as a nation?

When, as reported in the press, you told the President that the social security accumulations should be paid out to those qualified without regard to whether they had paid into the fund or not, you put your finger on the line where the obligation of the government rests. It was an agency of the government that impaled these elders on the cruel cross of crucifixion. You told the President, "It is never too late to do right". So it is the duty of the government whose agents were responsible for their financial destruction, to make such restitution as decency demands and humane instincts will approve.

What shall be done, and how, to reestablish the family life that was so devastatingly destroyed, and to build up the new family life that is being retarded, - almost wiped out? The methods of mass relief from starvation is not doing it, and never will. The regimentation, as a permanent system, into WPA groups is a travesty on American individuality and good citizenship.

The only sensible thing to do is to recognize the necessity for retiring these elders on an annuity that will be adequate for self-respect as well as for subsistence. Fifteen hundred dollars a year is not too much per person. That would buy adequate food, adequate clothing, and adequate shelter, which would at once create a home market for the products of the soil and of the factory, beside which the foreign trade still talked about by certain economists would pale to insignificance.

Those who talk about such an annuity as being "something for nothing" are too narrow to be classed as intelligent, much less as statesmen. These elders built the country in their generation, and they built it in tangible improvements, not stock-gambling speculation. Are they not entitled to some remuneration from the abundant bounty with which the country is overflowing?

I know these people. I have thousands of letters from them from every state in the Union. I know how they would spend the annuities granted. Adequate credits extended them through annuities would so stimulate every form of industry that a real prosperity - the prosperity of production and consumption of goods, - would result such as our country has never known. The rejuvenated life of these millions, with their wealth of experience, would be such a moral asset as the country would do well not to continue to cast aside.

Let it be objected that this is visionary - but it was said long ago "Without vision the nations perish". Shall we allow this great nation to perish because those to whom we look for leadership have not, and will not, have the vision?

Faithfully yours,


John C. Hamm.

August 10, 1939,

Mr. John C. Hamm,
Temple City, California.

Dear Mr. Hamm:

This is to acknowledge receipt of your letter of July 26, which I was much interested to read.

Not only is my sympathy aroused, as is yours, by the plight of the older citizens who, through no fault of their own, are destitute and unable to enjoy the fruits of the lifetime of labor that they have put in to building up this country, but viewed only on economic grounds, an adequate social security program is essential to the prosperity of this country at this stage of our development. Instead of paying out benefits at a time when we badly need increased consumption, we have been making the mistake of collecting a huge reserve fund by taxes that bear heavily on consumption.

I was glad to have your views and I appreciate your courtesy in writing.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b