

1369 Hyde St.,  
San Francisco, Calif.

June 13/40

My dear Mr. Eccles:

In compliance with your suggestion of Feb. 2d, I secured a copy of "Economic Balance and a Balanced Budget." The book is splendid, and I intend to give it another careful reading during my vacation. I wish you had made specific recommendations for the improvement of our monetary system. For instance on page 186 you say: "Inflation can and should be prevented, and this can be done

by giving adequate powers to the Treasury and the Federal Reserve System." But why didn't you proceed to tell just what was needed?

At the bottom of page 170 you mention the fact that, "No central banking policy, nothing that the banking system of itself can do, can provide an adequate productive use of created funds." You have there put your finger right on the sore spot. And that is just the evil that the so-called money reformers complain of. They contend that periods of national prosperity correspond with an

Board of Governors  
of the  
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stable level of wholesale prices, and that stock market, bonds and other speculation will not prove harmful to our national economy so long as the domestic average wholesale commodity price level is kept constant. I know the statement is made that we had a fairly stable price level during most of the 1927-29 boom, but when prices began to fall, apparently the Federal Reserve Board could not adjust the money and credit supply to the needs of the country. We are now faced with another war-preparedness boom with a following depression, and it would seem advisable for you gentlemen on the Board to devise some means for putting money in circulation without increasing the national debt.

Of course you've read Walter Bagehot's "Lombard Street." So far as I know that is considered one of the best guides for Central Bankers that has ever been published. Its sequel is Edward Jerome's, "Governments and Money." (Little Brown + Co. Boston, 1935). I earnestly recommend that you read it, if you haven't already done so.

Very sincerely,  
 Brewster Cameron

Mr. Maurice S. Eccles  
 Washington

June 21, 1940.

Mr. Brewster Cameron,  
1369 Hyde Street,  
San Francisco, California.

Dear Mr. Cameron:

I was interested to learn from your letter of June 13 that you had obtained a copy of "Economic Balance and a Balanced Budget", and I would suggest that you read the so-called "Credo" carefully, as well as the statements with regard to price levels.

I am enclosing a copy of a subsequent address I gave before The Economic Club of New York which may serve to clarify your understanding of my own general viewpoint.

Sincerely yours,

M. S. Eccles,  
Chairman.

enclosure

 ET:b