



**THE UNIVERSITY OF WYOMING**  
LIBERAL ARTS BUILDING  
**LARAMIE, WYOMING**

January 21, 1942

Mr. Marriner S. Eccles, Chairman  
Board of Governors  
Federal Reserve System  
Washington, D. C.

My dear Mr. Eccles:

Some of my students in War Economics brought to my attention an article in the Rocky Mountain News, Denver, in which Mr. Lee Casey discusses in very unfavorable terms the Conference of Mayors in Washington.

In order to give the students a full account of your propositions, I would be pleased if you would let me have, if possible, a copy of your speech. Thank you very much for your cooperation.

Very truly yours,

*Arthur Schweitzer*

Arthur Schweitzer

AS/aj

*Answer*

January 28, 1942.

Mr. Arthur Schweitzer,  
Department of Economics  
and Sociology,  
The University of Wyoming,  
Laramie, Wyoming,

Dear Mr. Schweitzer:

I am very glad to have an opportunity to respond to your letter of January 21 and enclose a copy of the full text of my talk to the Conference of Mayors. The press accounts were necessarily abbreviated and apparently created an entirely erroneous impression in some quarters.

In my eight years in Washington I have never seen a more misinformed or vicious article than the one by Mr. Lee Casey in the Rocky Mountain News. Ordinarily, I would not take notice of such a ridiculous misinterpretation, but such an article is especially harmful because it badly confuses the public in these critical days when public understanding is so essential to the successful conduct of the war. I enclose also a copy of the text of a suggested letter to the editor of the Rocky Mountain News which the manager of the Denver Branch of the Federal Reserve Bank of Kansas City will probably request the News to print.

I appreciate your courtesy in writing directly to me and the opportunity to give you the information which I trust will correct the grossly distorted viewpoint expressed in this particular newspaper column.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

Enclosures 2

ET:b

FEDERAL RESERVE BANK  
OF  
KANSAS CITY

January 21, 1942

Mr. Marriner S. Eccles, Chairman  
Board of Governors of the  
Federal Reserve System  
Washington, D.C.

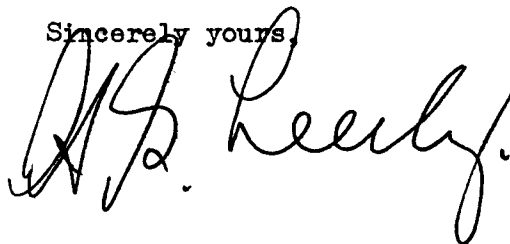
Dear Governor Eccles:

The enclosed clipping from the Rocky Mountain News, of Denver, Colorado, of January 16, has just been received from Mr. Joseph E. Olson, Managing Director of our Denver Branch. I am informed by Mr. Olson that the author, Lee Casey, is Associate Editor of the Rocky Mountain News, and that his column appears only in that newspaper.

To me this is not only an unfair but a vicious article, and it is obvious that the writer had not read the address which he attacks.

If there is anything which you feel that either Mr. Olson or I may do to be in any way helpful, please do not hesitate to let me know.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. G. Leedy". The signature is written in dark ink and is positioned to the right of the typed name.

H. G. Leedy  
President

HGL:FN

January 26, 1942.

Mr. H. G. Leedy, President,  
Federal Reserve Bank of Kansas City,  
Kansas City, Missouri.

Dear Mr. Leedy:

The clipping that you enclosed in your letter of January 21 from the Rocky Mountain News had also been sent in from another source, and Mr. Thurston of my office had written to Mr. Casey enclosing a marked copy of the text of my address. As you say, this is a particularly unfair and vicious article betraying a complete lack of understanding on the part of the writer.

It is so grossly unfair that I think it would be appropriate and I would very much appreciate it if Mr. Olson could make it a point to follow this matter up, possibly by seeing Mr. Casey and requesting that he print a correction. This might take the form of a letter to the editor which Mr. Olson could sign. To that end, I am enclosing a suggested correction.

I appreciate your bringing this to my notice and offering to do something about it. Ordinarily criticism or dissent does not take such a vicious form and hardly calls for reply, but this is about the worst instance I have seen in my eight years in Washington.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

Enclosure

ET:b

This article is protected by copyright and has been removed.

The citation for the original is:

Casey, Lee. "Plainly Idiotic." *Rocky Mountain News*, January 16, 1942.

FEDERAL RESERVE BANK  
OF  
KANSAS CITY

January 29, 1942

Mr. M. S. Eccles, Chairman  
Board of Governors of the  
Federal Reserve System  
Washington, D.C.

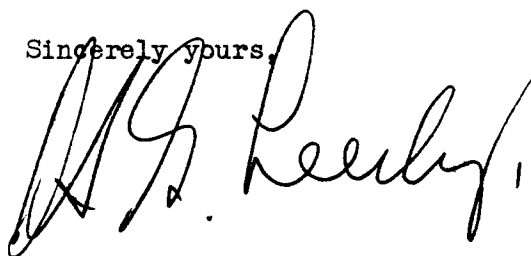
Dear Mr. Eccles:

As suggested in your letter of January 26, I am today taking up with Mr. Olson, Managing Director of our Denver Branch, the matter of attempting to obtain a correction by Mr. Casey, of the Rocky Mountain News, along the lines you have indicated.

I have requested Mr. Olson to promptly report to me what occurs, and I shall, in turn, communicate to you such information as I receive.

Assuring you that I am glad to have a part in endeavoring to bring about a correction of the baseless statements of this reckless, if not unprincipled, writer, I am

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. G. Leedy".

H. G. Leedy  
President

HGL:FN

January 24, 1942.

Mr. Lee Casey,  
Denver News,  
Denver, Colorado.

Dear Mr. Casey:

A copy of your column with the rather unflattering caption, "Plainly Idiotic", was sent in to Mr. Eccles, who suggested that I send you a copy of his recent address and suggest that you take the trouble to read it since you apparently have a wholly mistaken notion of his viewpoint. Far from recommending against economy, he said over and over again to the point of almost unnecessary repetition that economy, Federal, State and local -- public and private -- is urgently necessary if we are to avoid inflation.

You ask this question, "Is the prevention of inflation actually the purpose of increasing Federal taxes, as Mr. Eccles says? If so, I have been badly misinformed." Apparently you have been misinformed because the Treasury has been at pains to emphasize repeatedly that while increased taxes are necessary to pay for and hence win the war, an important function of them is to dampen consumer purchasing power. In fact, taxation is by all odds the most effective anti-inflationary means of reducing purchasing power. This point is emphasized and runs all through the President's Budget Message.

Under the caption "Anti-inflationary Taxes", for instance, the President quoted his Budget Message of last year when he said that extraordinary tax measures might be needed to "aid in fighting inflationary price rises which may occur when full capacity is approached." He went on to say in his current message, "The time for such measures has come. A well balanced tax program must include measures which combat inflation. Such measures should absorb some of the additional purchasing power of consumers and some of the additional funds which accrue to business from increased consumer spending."

Indeed, in England, Canada and the other dominions, as well as in the dictator countries, notably in Germany, taxation is recognized as an essential anti-inflationary weapon.

Very truly yours,

(Signed) Elliott Thurston

Elliott Thurston,  
Special Assistant  
to the Chairman.

Enclosure