

March 10, 1943.

Mr. John R. Fleming,
Office of War Information,
3452 Social Security Building,
Washington, D. C.

Dear John:

Attached is the text of the speech Mr. Eccles is going to make tomorrow night in Chicago. Its primary purpose is to rally the bankers to an all-out bond selling campaign and to state the picture which will make them realize how urgent it is to do a good job.

I would appreciate it if you would let me know if you see anything in it that strikes you as in any way contrary to sound public policy. I do not see anything in it of that sort myself.

Sincerely yours,

Elliott Thurston,
Special Assistant
to the Chairman.

Attachment

ET:b

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

March 11, 1943

M. S. Eccles
Federal Reserve Bank of Chicago

OWI want to omit in mimeographed copy, page 3, second paragraph, the sentence beginning quote the question of determining the size of the armed forces unquote down to the end of that paragraph ending quote destroy effectiveness on the fighting front unquote. They report that the Manpower Commission and Office of Economic Stabilization take exception to these two sentences.

On page 5 the same two agencies object to the entire last paragraph beginning quote the problem is one unquote and ending quote difficult issue of the hour unquote.

On page 10 they take exception to what we put into Harry Hopkins' mouth, namely, the one sentence reading quote he is for drafting all of us into the best war service we can perform whether on the fighting or the home front unquote.

The Budget Bureau, after first clearing, wanted to insert on page 8 a sentence to make clear that funds raised in a given period may carry over into the next period. While I think this is a trifling refinement possibly some such extraneous observation can be made if they wish.

Will you phone me at your earliest convenience.

Thurston.

ET:b

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TELEGRAM
Board of Governors
of the
Federal Reserve System
Leased Wire Service
Received at Washington, D. C.

1943 MAR 11 PM 3 25

WB06G17WASH GX158 CGO 11-215

ELLIOTT THURSTON

SPECIAL ASSISTANT TO CHAIRMAN ECCLES BOARD

I WILL BE AT FEDERAL RESERVE BANK ALL AFTERNOON AFTER 2:30 CHICAGO
TIME PLEASE SEND ALL WIRES IN CARE OF BANK AND GET IN TOUCH WITH ME
AS SOON AS POSSIBLE

MARRINER S. ECCLES.

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

March 11, 1943.

M. S. Ecoles
Blackstone Hotel
Chicago

On mimeographed copies, page 8, suggest striking out all figures on that page and overlapping on to page 9. That is, strike out all beginning with the paragraph which reads quote from July 1 to the end of December, etc., unquote down to the bottom of the page and to the end of the overlapping paragraph on page 9, the last few words of which are quote must not be continued unquote

In place of these paragraphs suggest inserting following which Krost has checked quote Let me outline the 1942 and 1943 picture in round numbers: For the calendar year of 1942, the Government spent about 56 billions. Of this 19 billions, or only about one-third, came from taxes and 37 billions was borrowed, exclusive of an additional 8 billions which was borrowed to build up Treasury cash balances. Of the total borrowings of 45 billions, about 22 billions, or less than one-half, came from nonbank investors, while 23 billions, or more than half, came from the sale of Government securities to the banks. As a result, during the year 1942 demand deposits and currency increased by more than 20 billions.

According to estimates for the current calendar year of 1943, the Government will spend about 100 billions. On the basis of our present tax laws some 33 billions, or only about a third will be raised in taxes, and the rest, 67 billions, will have to come from borrowing. If we do not

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TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

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Eccles - Chicago

do a better job in selling more to the public and less to the banks, that is, if the same trend continues in 1943 that we followed in 1942, we would borrow approximately 33 billions from the public and 34 billions from the banks. This in turn would result in another large increase in demand deposits and currency, amounting to more than 30 billions.

In other words, it would mean that our money supply would have increased by more than 50 billions, that it would have doubled, since the war began. This trend must not be permitted to continue indefinitely.
unquote

Thurston

ET:b

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