

## Excerpt of Letter from Herbert Hoover to Herbert S. Crocker

7. To sum up. It is generally agreed that the balancing of the Federal budget and unimpaired national credit is indispensable to the restoration of confidence and to the very start of economic recovery. The Administration and Congress have pledged themselves to this end. A “public works” program such as is suggested by your committee and by others, through the issuance of Federal bonds creates at once an enormous further deficit.

What is needed is the return of confidence and a capital market through which credit will flow in the thousand rills with its result of employment and increased prices. That confidence will be only destroyed by actions in these directions. These channels will continue clogged by fears if we continue attempts to issue large amounts of government bonds for purpose of non-productive works.

Such a program as these huge Federal loan for “public works” is a fearful price to pay in putting a few thousand men temporarily at work and dismissing many more thousands of others from their present employment. There is vivid proof of this since these proposals of public works financed by Government bonds have shown marked weakness on the mere threat. And it is followed at once by a curtailment of the ability of states, municipalities and industry to issue bonds and thus a curtailment of activities which translate themselves into decreased employment.

It will serve no good purpose and will fool no one to try to cover appearances by resorting to a so-called “extraordinary Budget”. That device is well known. It brought the governments of certain foreign countries to the brink of financial disaster. It means a breach of faith to holders of all Government securities, an unsound financial program and a severe blow to returning confidence and further contraction of economic activities in the country.

What you want and what I want is to restore normal employment. I am confident that if the program I have proposed to the Congress is expeditiously completed and we have the cooperation of the whole community, we will attain the objective for which we have been searching so long.

Yours faithfully,

HERBERT HOOVER.