



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 23, 1937.

*G. H. W.*  
Honorable Marriner S. Eccles,  
266 West 35th Street,  
Miami Beach, Florida.

Dear Governor:

I am writing to report on progress and to make a suggestion in connection with the development of non-monetary controls. I would not bother you at this time except that I know you are anxious to get speedy action.

Professor Burns came down last Tuesday and we spent the entire day and night in conferences with staff members and with interested people outside the Division. I cannot speak for the others but, from my point of view, his visit was extremely worthwhile and I hope that it will be possible to bring him to Washington from time to time for consultation. There was general agreement that business cycle theory had paid insufficient attention to the effect of monopolies and trade unions, and that their influence through price and wage policy on the shape of the cycle needed much more study.

That night I attended a meeting with Cohen, Corcoran, Gourrich, Henderson, White, Means and Burns, and we went over the same ground but nothing of a very specific nature emerged.

Friday I attended a meeting of the Industrial Committee of the National Resources Committee, composed mainly of representatives of the Agriculture, Commerce, and Labor Departments. They are planning to recommend to the President that a national conference on productivity be called. This, by the way, is confidential. Most of the emphasis was placed on the removal of restrictions on output of various kinds and I suggested that some emphasis be placed on

the problem of securing full and continuous employment, since our greatest waste of resources in the past has been attributable to depressions. This suggestion was accepted.

Afterwards I had a long talk with Gardner Means, and he stated that he thought the National Resources Committee would give favorable consideration to a proposal to set up an Economic Balance Committee, which would study the problem of coordinating the activities of the Government affecting the course of business and would make recommendations to the President, through the National Resources Committee, to that end. In view of the fact that the National Resources Committee has shown so much initiative in the past and is destined, if the reorganization plan goes through, to be directly under the President, I feel that this may be our best avenue of approach.

If you agree I should like to have your permission to send an informal letter to Means making the proposal, and he would then take it up with his Committee.

I am collaborating with the Tariff Commission in getting together some information on the copper situation. We decided to hold our steel study in abeyance when we found that a first-class row was developing between Commerce and Labor on the subject. It seemed better to wait until we got their final estimates and then check carefully their different methods and assumptions.

You have doubtless been told that the Treasury badly overestimated tax yields for this year. Bob LaFollette's secretary tells me that LaFollette is preparing to renew his demand for higher income taxes, which is all to the good.

I trust that you are enjoying your vacation. I notice that it is hot in Miami -- but it is hotter in New York.

Sincerely,

