

*The National City Bank*  
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OFFICE OF  
THE VICE CHAIRMAN  
OF THE BOARD

Dear Marriner:

I appreciate your sending me the full text of your speech in Boston. It seems to me an important contribution in setting forth more fully than heretofore your philosophy in these matters. I have delayed acknowledgment until I had a chance to read it carefully, and also until after a week-end at Lenox under the auspices of the Fortune Magazine devoted to a discussion of these matters.

Again, I agree with a large part of what you say, and it seems to me admirably stated. I particularly liked your courage in dealing with labor problems.

Again our differences are largely in matters of emphasis. Over the week-end we had quite a long discussion with Hansen who presented pretty fully his theory about the effect of declining population, decrescent rate of new discovery, etc. On all of this I am very sceptical. It has so frequently been said in times past in such periods as this, and has so frequently been shown to be wrong. Change in population is, of course, important, but I think is generally over-stressed.

But the greatest difficulty seems to me to distinguish between the longer term secular movements about which we are not in position to pass judgment, and the immediate crisis. The important thing about the immediate crisis seems to me that the enterprize machine is stalled, and that we are currently producing less than we consume, particularly in the field of

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capital goods. Each person has his own way of thinking about these matters, and in my own mind the key concept is found in the extent to which production is anticipating the future. In the 20's we over-anticipated the future and built, borrowed, and spent on the basis of too rosy an estimate. This over-anticipation in the 20's is one of the very hurdles to getting things going now, especially in building construction. Clearly exactly the opposite situation is true to-day, though I believe the upward spiral has begun. There does not seem to be any single way to expedite its movement, but rather there seem many fields in which detailed action has to be taken to increase people's willingness to operate with a future in mind longer than three months.

It seems to me addresses like yours are helpful in clarifying the picture, though, as I say, my emphasis would be different, and I suspect I am more optimistic about the possible results, perhaps due to a sanguine habit of mind.

Sincerely yours,



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

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