

THE WHITE HOUSE
WASHINGTON

May 16, 1938

MEMORANDUM FOR GOVERNOR ECCLES:

The attached is self-explanatory.

Since you saw Mr. Estey before I am
forwarding this to you.



M. H. McINTYRE
Secretary to the President

Enclosure

May 16, 1938

My dear Mr. Estey:

Pardon my delay in replying to your letter of May seventh.

However, I did not "side-track" your proposal, but am putting it where it will get real consideration.

Sincerely yours,

M. H. McINTYRE
Secretary to the President

Roland W. Estey, Esq.,
60 West 42nd Street,
New York,
New York.

R O L A N D W. E S T E Y
60 EAST 42ND STREET • NEW YORK • MU 2-0810

M A N A G E M E N T C O N S U L T A N T

December 27, 1937

Mr. Marriner Eccles, Chairman
Federal Reserve Board
Washington, D. C.

Dear Mr. Eccles:

The suggestion of a closer cooperative activity between Government, Capital, Labor, and Business is made in the hope that a better understanding may be brought about of the problems faced by each, and that a constructive plan will make for better conditions in the activities of these four factions, resulting in each coming nearer the realization of their objectives.

It is not the intention to belittle the past activities, policies, or endeavors of any person, group of individuals, or organization. Neither is it the intention to criticize or hold responsible any person or group for what might seem, on the face of things, detrimental policies or activities, nor is it the aim to establish facts to be used for selfish or personal gain.

The proposed activity to bring about a cooperative movement between government and business is one whereby figures, facts, trends, and other data is collected from business organizations as a means of determining the absolute conditions of various industries and then, when compiled, presented to the administration without selfish or biased reasons.

It would be the means of bringing about a progressive activity in business for the improvement of commercial enterprises; greater earned profits for business; increased revenues for government; and a consolidation of objectives for government and business.

It would establish a clearing house or direct channel between government and business, whereby national conditions as seen by the administration, or those conditions relating to a specific industry could be studied and analysed by this "proposed agency" and then in turn given to the administration. Such reports and

the suggestions or recommendations which would accompany them could be the basis of the government determining just what policies were best fitted to clarify any situation, as shown by these surveys and studies.

By this presentation method of true conditions, it will be possible to deliver to the administration the definite reasons for the present or any other recession. This, from a national viewpoint, or as it applies to the true conditions of any specific industry.

Under this type of operation, any and all analyses or recommendations would be supported by positive proofs based on actual figures and results of business operations. This will discontinue any suggestions or recommendations of business executives, who offer advice to the administration with their feelings and desires foremost, rather than offering the specific needs and requirements of the industry of which they are a part.

Government, on the other hand, can through this same source of agency method, present and explain its objectives and reasons for certain policies. Through such an activity, it can extend proofs in the same manner as the sustaining proofs of business conditions are presented to it.

The method of operation to be by the distribution of questionnaires to an approved list of manufacturers; in some instances by personal call and investigation. The type of questionnaire and the questions asked to be prepared along reasonable and adequate lines, approved by a Board of Advisors, consisting of one representative each of Government, Business, Labor, and Capital.

The operation of this type activity would best be conducted by an organization without obligation to either government or business, and with no personal or biased feelings toward either of these factions; the financial support necessary to come from both government and business.

Of course this type of work could be supported entirely by government or business, but the suspicion and doubt which now exists in the minds of both government and business, as relates to the other, would not necessarily be removed if the support of this "proposed agency" was paid for by either faction.

That there is a definite gap of understanding between government and business as to the problems faced by each, is quite obvious. We agreed upon this point when I talked with you

last Wednesday. We also agreed that there seems to be a keener recognition on both sides of the necessity of a cooperative movement. Yet, there is definitely lacking any attempt to bridge this gap.

Business, generally speaking, fails to see the broad public needs with economic aspect. Yet business does play an important part in any economic condition, and it is true that they fail to realize that the correction of those factors which they are so desirous of seeing improved depends upon their cooperation, as well as upon the forces outside their specific control.

Government, on the other hand, must regard all public questions on a broad national basis. Each problem must be carefully viewed from the point that government is sustained by the people themselves. The solution to any particular problem is one of national economic stability.

It is not easy to accept the viewpoint of one side and exclude the others, for both have their economic value and place in the structure of the country. Neither side can exist without the other's contributions toward the stability of satisfactory conditions.

There can be no division of responsibility, nor should it be expected. Each has a definite place in the nation's affairs, and a cooperative activity by both in which a clarifying of viewpoints, resulting in a complete understanding of the problem of each, will bring about a set of objectives common to both and for the mutual benefits of each.

When I was in your office, I spoke to you of the recent meeting held by the National Association of Manufacturers, at which the leaders of some of our most outstanding manufacturing concerns tore apart the past policies and activities of the administration. I mentioned that this reminded me of the small boy who took apart the alarm clock, and when the springs, wheels, and other parts of this timepiece lay on the floor, he became disgusted with his activity and failed to put the clock back into working order. I criticize these same gentlemen for not substituting a progressive plan or program of activities for that which they tore apart.

Did you listen to last night's radio talk by Assistant Attorney-General Robert H. Jackson? If you did not, I would suggest that you read the newspaper reports, for it relates to the activities of business during the last six years; insofar as

Mr. Marriner Eccles 12/27/37

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business has stood in the way of a progressive government program; and, as an obstacle to improved conditions as regards their own specific industries. This type of talk, with due respect to Mr. Jackson and the administration represents one of the direct reasons why business does not come forward more aggressively and aid materially in bringing about a betterment of conditions. This pushes business back into its shell.

In my mind the discussions and speeches such as were heard at the meeting of the National Association of Manufacturers, and that heard over the radio last night only tend to widen the gap of understanding between government and business. They certainly emphasize to a greater extent the absolute need of the cooperative movement which we discussed last Wednesday.

It is quite obvious that government and business united with a set of objectives common to both could very readily bring about a condition in this country which would remove any existing recession, and any future ones that might possibly arise due to this lack of understanding between the two.

There can be no doubt but what both government and business, during the last six years, have made mistakes, but there is little that can be done about them for they are in the past. That which is most important today is the adoption of a plan, approved by both government and business, to bring about a happier situation between these two factions, and for the good of the nation as a whole. Unfortunately, this cannot be brought about unless the existing gap between the two is closed.

This letter is much longer than I expected it would be, so please pardon me if in my enthusiasm I have written more than I should. When you read this letter I would appreciate your realizing that I do not speak for any industry, nor am I seeking political advantage or publicity in any form. May I have your reaction?

Yours very truly,



R. W. Estey

RWE:BP

R O L A N D W. E S T E Y

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January 4, 1938

Mr. Marriner Eccles, Chairman
Federal Reserve Board
Washington, D. C.

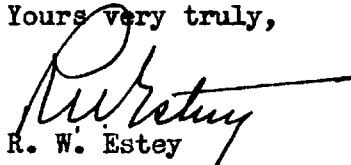
Dear Mr. Eccles:

I have been expecting a note from you giving me your reactions to my letter of December twenty-seventh, in which I covered the question of a cooperative activity between government and business.

I listened with interest to the President's message, particularly that part of it regarding cooperative activity between government and business, as this is the sort of movement I have suggested.

As this seems a most opportune time to go ahead with this activity, would not the outline attached bring approval from both the President and business? What is your reaction?

Yours very truly,



R. W. Estey

RWE:BP

Enclosure

An outside agency investigating conditions and factors pertaining to business in the broad sense, resulting in a set of conclusions to be presented to the President (and Congress, if expedient).

Such an agency to present ideas based on actual findings whereby business activities can be developed along lines to fit into the administration's plans and policies.

This agency to be unbiased towards either side and without obligation, established and operated for the following basic reasons:

- Purpose:** To bring closer cooperation between business and government.
- Object:** To establish a set of planned objectives common to both.
- Duties:** To take any national problems assigned to them and make suggestions or recommendations to the administration based on actual national conditions.
- Scope:** National; and, to study those problems directly pertaining to business and its relationship with national affairs.
- Support:** Combined business and government, and financed by both.
- Advisory Board:** A small workable group of business executives with proven ability and respect for national conditions and affairs.

THE WHITE HOUSE
WASHINGTON

January 6, 1938

MEMORANDUM FOR GOVERNOR ECCLES:

I have just received the attached letter from Mr. R. W. Estey, whom I believe you saw at my suggestion last month.

I would appreciate it if, with the return of his letter, you could let me have a suitable draft of reply. Many thanks.

A handwritten signature in black ink, appearing to read 'M. H. McIntyre', written in a cursive style.

M. H. McINTYRE
Secretary to the President

January 10, 1938.

Dear Mac:

I am returning herewith Mr. R. W. Estey's letter of January 4th to you, and a draft of a suggested reply for your signature as you request.

I have already written to him in response to his letters to me, telling him that I cannot be of help in promoting the new set-up to be financed jointly by business and government—which would require an appropriation by Congress—and that I think it would be preferable to make possibly more effective use of existing organization and the more than adequate information already at hand, rather than to create still another mechanism which would not be likely to command any more "confidence" from business, labor, agriculture and the government than existing groups we now have. Also I pointed out that our difficulties are due not so much to a lack of "cooperation" between business and government, as to innumerable conflicts in the ranks of business itself, in labor, agriculture and other private groups. I enclose for your information a copy of my letter to him.

I suspect that Mr. Estey, with whom I had a long conference, inasmuch as he came over with your blessing, is looking for a set-up that will furnish him with a good place to light. I am satisfied that he has nothing new to contribute and, therefore, that the best thing to do is not to encourage him further.

Sincerely yours,

M. S. Eccles,
Chairman.

Honorable Marvin H. McIntyre,
Secretary to the President,
The White House.

enclosures
ET:b

January 10, 1938.

Mr. Roland W. Estey,
60 East 42d Street,
New York City.

Dear Mr. Estey:

I regret that I have not had an opportunity to respond sooner to your letter of December 27th for, of course, I am wholly sympathetic with the views you express, though I must admit that I am not sanguine about effecting through any one organization a practical reconciliation of the many conflicting interests, not simply as between governmental and political views, on the one hand, and those of business and industry on the other, but as between the many groups in business, agriculture, finance and labor.

What you have in mind--a new set-up jointly financed by business and by government--doubtless would contribute to better understanding and, therefore, would help to find common ground on some policies. We have had much talk about better cooperation for the past six years, and various coordinating efforts have been undertaken, including the organization of the Business Advisory Council, which, to my mind, has been about the most helpful. Yet, as I am sure you recognize, much of the effort, however disinterested, intelligent, and fair-minded, has been sterile because of the deeper and seemingly irreconcilable conflicts rooted in emotions, prejudices, self-interest, etc., on all sides. I deplore as you do the resort to bitterness and brickbat throwing by any of the participants whose common problems cannot be intelligently faced, let alone solved, in an atmosphere of animosity and recrimination.

However, there is no way in which I could be of service in promoting such an organization as you suggest. For such a set-up, Congress would have to appropriate funds,

Mr. Roland W. Estey - (2)

January 10, 1938

and this would require that the President make a formal request therefor. If Congress approved, I presume the Administration would then have to select men to serve on the committee—or commission—and, for myself, I do not know where it would be possible to find a representative group which had the confidence of business, labor, agriculture, the Administration and Congress to a sufficient extent to make its findings and recommendations effective. It would be preferable, in my opinion, to bring about a better coordination of existing groups, governmental and representative of business, agriculture, labor, etc., and to make better use of the virtually complete information already available, than to try to create still another "coordinating" body.

Although I cannot be of assistance in advancing your proposal, I was glad to have the opportunity to talk with you and I appreciate your letters and the desirability of your objectives.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

Dear Mr. Estey:

This is to thank you for your letter of January 4th and the attached outline of your proposal for an organization, jointly financed by business and government, for the purpose of bringing about closer cooperation between business and government.

While your objectives are highly desirable, your proposal would involve an appropriation by Congress, as well as the difficulty of selecting personnel who would command the confidence of the diverse groups in business, labor, agriculture, and in Congress sufficiently to make such an organization effective. Inasmuch as numerous organizations, representative of the many, often conflicting, private interests on the one hand, and of the public interest on the other, are already in existence, I doubt whether it would be regarded as feasible to propose creation of an additional group.

As you know, most of the country's business and industrial leaders are already represented in various existing organizations, and some of the most prominent leaders who desire to cooperate actively with the government have been closely associated with the Business Advisory Council, for example, and have given a great deal of their time to considering various important economic and social problems and to making recommendations. It would not appear to be practicable to ask these leaders to associate themselves with some new grouping unless it held out greater promise of accomplishing results than those already existing and functioning.

I want you to know, however, that your interest and your desire to be of assistance are greatly appreciated.

Sincerely yours,

ROLAND W. ESTEY

MANAGEMENT COUNSEL

60 EAST 42ND STREET

NEW YORK

MURRAY HILL 2-0810

May 7, 1938

Hon. Franklin D. Roosevelt
President of the United States
Washington, D. C.

Dear Mr. President:

I have on two previous occasions offered suggestions to you for the improvement of conditions throughout the country. While I do not wish to assume the attitude of "I told you so," the fact does remain that many of the conditions existing today could have been avoided if the suggestions had been adopted.

It may be presumptuous on my part to think that I can be of assistance to you; however, I am offering another suggestion in the hopes that it may be of help.

Would it not be most expedient, in view of recent events, to have a study of actual nation-wide conditions made for the purpose of determining exactly what is prohibiting a betterment of conditions? Such a study would be made by one not obligated to either business or government, and would include a set of recommendations based on actual findings.

Recommendations or findings would not necessarily have to be detrimental to the Administration. With such a study having been made it could readily be used to bring about corrections of national conditions without losing political prestige. Using such a study as a means of starting a movement towards the improvement of conditions, the momentum once started could easily be kept in the right direction.

As I once told you, I am not seeking any political advantage, nor publicity in any form. However, I do offer my experience in analyzing conditions in business and in

Hon. Franklin D. Roosevelt

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May 7, 1938

correcting situations for the betterment of detrimental conditions.

If you see the value in this suggestion, I will gladly discuss it with you at any time it meets with your convenience.

Most respectfully yours,



Roland W. Estey

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