

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date October 27, 1936.To Chairman Eccles

Subject: \_\_\_\_\_

From Lauchlin Currie*L.C.*

G P O 16-852

I did not contribute anything to this week's memo in connection with your Treasury meeting as I did not have time to work up anything significant after I talked with you. For next week I thought of doing something in connection with the questions, how much will the demand for "other loans" increase in the recovery and how far will banks dispose of their holdings of Governments. There is quite a bit of relevant material on the experience in past recoveries in this and other countries. The problem should interest the Secretary and it has a bearing on the question as to the extent to which the short-term debt should be funded.

Unless you think it inadvisable I should like to send this to you directly. The mode of procedure is for Gardner, Parry, and Thomas to submit material to Mr. Goldenweiser, who then writes the memos. I have not seen any of them as yet. I do not think there is any point in my doing anything that does not involve some interpretation and analysis with reference to a specific problem, and if I do this I should prefer not to have it edited and cut to a paragraph or two. It occurs to me, therefore, that you might continue to get regular current material from Mr. Goldenweiser every week and I might supplement it by a brief discussion of some problem or development every week, or as often as I have any ideas. If you approve of this suggestion I shall endeavor to get any material I have to you on Saturdays, so that you will have plenty of time to look it over and discuss it with me if you wish.

  
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CURRENT COMMENTS IN BRIEFCapital movements

Foreigners continued to purchase American securities. For the weeks ending October 14, 21, and 28 such purchases amounted to estimated totals of \$40,000,000, \$60,000,000, and \$35,000,000. Taking the entire period since the stabilization agreement these purchases have been more than sufficient to offset foreign withdrawals of bank balances from this country, with the result that there has been a net inflow of funds to the United States.

Stock market

These foreign purchases were a sustaining factor in the stock market which was relatively quiet and stable last week, partly awaiting the outcome of the election. Trading in securities continues to be largely on a cash basis with no growth in security loans.

Dehoarding

Return by French and other continental hoarders of Bank of England notes for the purpose of repatriating their funds was reflected in a decline of £ 11,000,000 in British note circulation during the two weeks ending October 21.

Business summary

The Board has just issued its monthly summary of business conditions, a copy of which is attached.