

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 13, 1937.

To Mr. Daiger

Subject: Miscellaneous letters received

From Chairman Eccles

by the Chairman on housing.

For your information and an appropriate acknowledgment.

Sears, Roebuck and Co.

Executive Offices

Chicago

R. E. Wood
President

Nov. 11, 1937.

Hon. M. S. Eccles, Chairman,
Board of Governors,
Federal Reserve System,
Washington, D. C.

My dear Mr. Eccles:

I was extremely sorry to have to rush for the train yesterday and not have a chance to return to your office.

The plan you have worked out is thoughtful and well-considered and should bring results. You and Mr. Daiger are to be congratulated on what has been accomplished. If there is any help I can give, I shall be only too glad to be of assistance. Housing, utilities and railroads offer our best opportunities for immediate capital goods expenditures.

At the proper time - and only at the proper time and then contingent on all the other measures being taken, I would take some monetary action, particularly with reference to the desterilization of gold.

With best regards, I am,

Sincerely yours,



TURNER CONSTRUCTION COMPANY

FOUNDED
1902

GRAYBAR BUILDING
420 LEXINGTON AVENUE
NEW YORK

BOSTON
PHILADELPHIA

November 12th, 1937.

Honorable Marriner S. Eccles,
Governor, Federal Reserve System,
Washington, D. C.

Dear Governor:

I regretted to leave Washington without having the opportunity of saying goodbye to you, but I was very anxious to catch the five o'clock train and asked Mr. Colt to express my regrets that I did not have a chance to say goodbye to you in person.

A great deal of publicity has come out of our conference and report. Personally, I regret the comment upon the wage situation which has already brought a negative reaction from Green.

There were two things assigned to me, as I understand it:

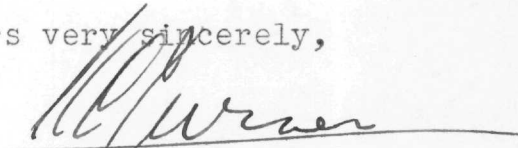
First, to endeavor to reach a formula on the subject of the wages to be paid to workmen to be engaged in the building of low-cost houses; and

Second, to canvass some of the larger building companies for the purpose of enlarging their interest in such enterprises as low-cost houses and apartments, reporting back to you on both of these problems at an early date.

If you have any other matters which you would like me to study or to investigate, please let me know.

With kind personal regards

Yours very sincerely,


H. C. Turner
President.

HCT.M

BANKERS TRUST COMPANY

NEW YORK
16 WALL STREET
FIFTH AVENUE AT 44TH STREET
57TH STREET AT MADISON AVENUE

S. SLOAN COLT
PRESIDENT

CABLE ADDRESS NEW YORK-BANKTRUST
CABLE ADDRESS LONDON-BANTRUSCOM

LONDON
26, OLD BROAD STREET, E.C. 2.

16 WALL STREET,
NEW YORK

November 12, 1937.

Dear Marriner:

I was sorry not to see you to say good-bye. There are two points which we discussed particularly in our interview with the President which seem to me to have importance. If it is contemplated that the insurance rate be reduced on loans on units of \$6,000. and less, I would be interested to see the basis on which these insurance rates were originally fixed. I raised this point, as you remember, in our discussions with you and I gathered that Mr. Daiger would supply the figures showing the basis on which these rates were arrived at. I have been looking into the laws more fully since I returned and I am wondering if the R.F.C. Mortgage Company would not provide the medium through which funds for the National Association might be derived. Perhaps the R.F.C. Mortgage Company could be turned into a national association. I understand there are definite commitments already outstanding on the part of the R.F.C. to the Mortgage Company for additional funds. It does seem most desirable and important that no request be made on the Treasury for any new money in connection with any plan which is suggested.

I enjoyed being with you in Washington and hope that real progress can be made looking toward the solution of this particular phase of the problem.

With best wishes, I am

Sincerely yours,

Honorable M. S. Eccles, Chairman,
Federal Reserve System,
Washington, D.C.



DELIVER TO

MR.

ECCLES

ROOM

REMARKS

Federal Reserve System
Board of Governors
of the

NOV 16 1937

Received in
Chairman's Office

Stewart McDonald

FROM

Digitized for FRASER

<http://fraser.stlouisfed.org/> (Name, not initials)

16-3022

Federal Reserve Bank of St. Louis

November 13, 1937

Mr. McDonald

The only reliable data on the cost of building materials is an index of wholesale prices of building materials published by the Bureau of Labor Statistics.

On the basis of 1926 as 100, this index, in September, 1937, was 97.2, or 3.8% below the level in 1926.

The indexes for the various sub-groups of this general index in September, 1937 (1926=100) are as follows:

Brick and tile	95
Cement	95.5
Lumber	99
Paint and paint materials	84.6
Plumbing and heating	80.6
Structural steel	114.9
Other building materials	100.8

The general index of all building materials is not the average of these sub-groups, but is a weighted average.

Retail prices may not be in the same relationship to retail prices in 1926, but there is no dependable index that covers retail prices of building materials.

There are three general indexes of the total cost of construction of all types of structures. These indicate the following relationship of the cost of construction of all types of structures to the cost of the same in 1926.

American Appraisal Company index (1926-100), July, 1937	—90.7
Associated General Contractors' index (1926-100), July, 1937	—97
Engineering News Record (1926-100), July, 1937	—116.

Because of the wide variation in these indexes, obviously somebody is wrong.

Ernest M. Fisher

November 13, 1937

Mr. McDonald

No satisfactory indexes are available of labor costs in building. The best obtainable, however, indicate as follows:

Engineering News Record index indicates that in July, 1937, average hourly wages of common labor in general construction were 122% of the average hourly wages in 1926.

For skilled labor, average hourly wages in July, 1937, are reported as 107% of those in 1926.

The data published by the Bureau of Labor Statistics go back only to 1934. In June, 1937, the average hourly earnings in building construction were 116% of the average for the year 1934, and the average weekly earnings in June, 1937, were 181% of the average weekly earnings for 1934.

Ernest M. Fisher