

Sears, Roebuck and Co.
Executive Offices
Chicago

R. E. Wood
President

October 29, 1936

Personal

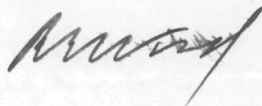
Honorable M. S. Eccles, Chairman,
Board of Governors of the Federal
Reserve System,
Washington, D. C.

My dear Mr. Eccles:

I thought you might be interested in a memorandum I have given Marvin McIntyre for the President. I do not know whether or not the President has read it, at any rate I hope he has.

I tried to put down on the credit and debit side what I thought of the Administration's policies and results.

Very truly yours,



Att.

Memorandum for the President:

Like a great many other citizens who try to take their responsibilities seriously, I have never been more confused in my own mind as to which party and which candidate to support in the coming Presidential election. There are a great many things and a great many figures in each of the opposing camps which I do not like. It is equally repugnant to me to be on the side of Ogden Mills and Hoover as on the side of Tugwell and Dubinsky. Nevertheless, I have decided to vote for the present Administration. In the event I had not, I would not have opposed the Administration openly in view of the courtesies I have received and the personal respect and liking I have for the President.

I thought perhaps it might be useful to the President to have me set down the points for and against the Administration as viewed by an honest appraiser.

On the credit side we have the following:

1. Devaluation of Gold and the Monetary Policy Followed.

The President, by his courageous and unorthodox stand, did much by this one measure to stop the depression and to start the country upward.

2. Strengthening of the Banks and the Federal Deposit Insurance Law.

This put the banks on their feet, gave the people confidence that their savings would not be lost and, together with the monetary policy followed, put an end to the process of deflation.

3. Securities and Exchange Act.

This act has given to the small as well as to the large investor a measure of protection. I regard it as one of the most constructive acts of the Administration.

4. Social Security Act.

This act was demanded by modern industrial civilization and should have been put into effect long ago. While necessarily defective in many respects, it serves as a starter for a long-range program.

5. Trade Treaties of the Secretary of State.

These are a splendid and non-partisan beginning of an attempt which may prove successful to open up the channels of trade and promote international commerce with benefit to all nations concerned.

6. Civilian Conservation Corps.

This, as I wrote the President before, I regard as one of the finest acts of the Administration. Now that employment is coming back, it might be reduced, but there should always be available a place for 150,000 to 200,000 of our youth in this Corps.

7. AAA and Soil Conservation Act.

Both of these were of great benefit to the agricultural population. With the monetary policy, it helped to restore farm purchasing power, which, in turn, worked back to the industrial population in the cities and still further helped the trend upward. The AAA was necessarily defective and faulty in administration, but as an emergency measure it was excellent and served its purpose. The Soil Conservation Act is a sound measure, and if properly administered should be of great benefit.

8. Strengthening of the National Defense.

This is little known or understood by the public, but to one who spent some years of his life in the military service, it is regarded as one of the achievements of the Administration. Few realize how much harm the parsimony of Coolidge and the pacifism of Hoover did to the armed forces of the United States.

9. Changes in the Federal Banking Act and the Improvement in the Personnel of the Federal Reserve Board and of the Treasury Department.

For the first time, the Treasury Department and the Federal Reserve Board do not take their orders from the lower end of New York.

I might mention as a by-product of this Administration that the President has done a great deal to arouse the social conscience of employers. This is true even among his bitterest opponents, though they would be the last to admit that he had influenced them in any way. There is today a far more enlightened and humane attitude on the part of the employer toward the employee than there has ever been at any time in the history of this country, and for this the President is largely responsible.

Now, as to the debits.

1. The charge of the opposition to the President that the spending must stop and the budget be balanced has justification. The cry to balance the budget in 1933, 1934 and 1935 was a foolish cry, but in 1936 it is not foolish. The expenditures have served their purpose, the country is on a spiral upward, and it should be comparatively easy for the Administration, if it has the courage, to balance the budget beginning July 1, 1937. There is going to be an enormous increase in receipts, how much I believe no man can predict at the present time, though I venture to prophesy that the returns from corporation taxes and income taxes will be greater than even the most optimistic hopes. That means that if from July, 1937, the expenses are reduced by a moderate percentage, the budget can be balanced beginning July 1, 1937. The CCC can be cut 25%, relief should be cut materially, something can be pared off the Army and Navy appropriations, and public works expenditures can be reduced. Altogether, it should not be a great task. I believe that it may be possible by 1938 to reduce taxes somewhat and yet maintain a liberal program of expenditures. I do not think this balancing of the budget should be held up until 1938, certainly not in view of the business recovery that has begun, that is now in progress and that in my belief will continue.

2. The charges of the opposition to the Administration about relief have great justification. Relief in some states is undoubtedly ruled by politics, and in other states it has been wasteful. While having an admiration and liking for Harry Hopkins, the man, I feel that his viewpoint, that of the social worker, should and must be modified. The country does not owe a standard of living to every loafer and every incompetent who happens to be in the country or to any alien. Relief for the really needy can be administered and on a proper scale with far less than the present expenditures.

3. The charge against the Administration of poor administration is true in many places. There are some notable exceptions in such splendid administrators as Jesse Jones, Governor Meyers, Mr. Fahey, Chester Davis and Governor Eccles, but there are also some notable examples of poor administrators, such as Messrs. Hopkins and Tugwell and some of the cabinet officers.

4. In my opinion the Administration and the Secretary of Labor have leaned too far to the defense and promotion of labor unions. Universal trade unionism is not essential to attain better working conditions and better wages. It is true that the unions have done much in some of the exploited industries. The tactics of some of the old Pennsylvania steel and coal employers should not be repeated. Employees should be left absolutely free to join a labor union of their own accord. On the other hand, employees should also be free to not join. If they do not so desire, they should not be intimidated. Employers should not be forced to sign closed shop agreements if they do not wish to do so. Such tactics as the Department of Labor displayed on the Pacific Coast in their protection and support of the foreign agitator Bridges will create a labor tyranny out there that will do as much damage and will be just as bad as any capitalistic tyranny. If labor unions are to have power, they must accept responsibility. Publicity must be given to the expenditures of the unions and to the salaries of their officials. They cannot have their cake and eat it too.

5. There have been some utterances of officials while in the service of the Administration which have tended to array class against class. No more vicious speech was ever delivered than the one Mr. Tugwell delivered in Los Angeles where he called on the farmers and the workers of the country to unite, practically urging them to revolution. That speech did more to put doubts in the minds of liberal men who have been friendly to the Administration than any other one thing that has happened in the past three and one-half years.

At the beginning of the Administration, I felt that the President and his principal officials had a total misconception of the capitalistic system. Among those officials I might mention Messrs. Wallace and Tugwell. I believe that Mr. Wallace, with his keen, clear mind is more enlightened at the present time. I am fully in accord with the idea that as our industrial system becomes more and more complicated, there will have to be more and more regulation of business, but between sane regulation as embodied in the Securities and Exchange Act and the tampering with the economic machinery of business, there is a vast difference.

I feel very certain that we have begun the spiral upward, just as we were spiralling downward between 1929 and 1933. I feel certain that except for the possible contingency of a war in Europe, this country is going to have very great prosperity during the next four years. I do not see how anything can prevent it. Of course, if we have class warfare and general strikes, we may have some interruption.

4.

On the other hand, I believe that every employable man can and probably will be employed within the next two years at good rates of wages. For this reason, I think it all the more important that the whole problem of relief be overhauled, and that the parasites and drones be forced to work if work is available at honest wages.

While I have given above the points of criticism as I see them, it seems to me that the only thing that the President ought to refer to more specifically in his speeches between now and election time is the question of the fiscal policy of the Government, beginning July 1, 1937. The other matters are all ones which can be taken up after the election.

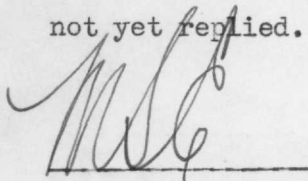
Oct. 14, 1936.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 3, 1936.To Governor DavisSubject: Letter dated October 29, 1936,From Chairman Ecclesfrom General R. E. Wood.

This is the correspondence from General Wood about which I spoke to you. I will appreciate your returning it as soon as you have had an opportunity to look it over as I have not yet replied.



interesting and constructive!
C.C.C.

Attachment.

November 9, 1936.

My dear General Wood:

This is to acknowledge your note of October 29th enclosing a copy of the memorandum which you transmitted to the President. I have read it with care and regard it as constructive criticism with all of which I am sympathetic and much of which I am in accord. While I do not know whether the President has read it, I hope he has and am inclined to think he would welcome this frank expression, which is both comprehending and constructive in contrast with so much of the criticism which seems to me, as I know it does to you, to be more emotional than rational.

Thank you for your thoughtfulness in letting me see this memorandum.

Sincerely yours,

M. S. Eccles,
Chairman.

General R. E. Wood,
President, Sears, Roebuck and Company,
Chicago, Illinois.

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