

Sears, Roebuck and Co.

Executive Offices

Chicago

R. E. Wood
President

December 28, 1936.

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

My dear Mr. Eccles:

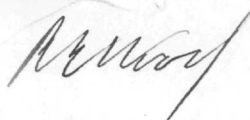
I have just received your letter of December 23rd and am glad to hear from you.

It was my idea that, while the Directors of the Chicago Federal Reserve Bank should express their opinion to you, it should be done informally and without any publicity. As a matter of fact, I think it would be highly improper for the Officers or Directors of any Federal Reserve Bank to give forth any public statements, though I do not see any harm in filing their opinions with the Board in Washington. However, this is a matter I can discuss with you when I am in Washington.

In connection with my own business, I insist that all statements from the plant and store managers of Sears, Roebuck and Company shall go out through our headquarters here. On the other hand, we encourage our plant and store managers to give their expressions of opinion on the policies of the company.

There is to be a meeting of the Business Advisory Council in Washington on January 28th. I plan to attend and will stay over January 29th if only to see you. Can we make an appointment for that date?

Very truly yours,



January 4, 1937.

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

Dear General Wood:

I have your letter of December 28th and would be very glad of the opportunity to see you when you come here for the meeting of the Business Advisory Council at the end of January. Since I cannot tell that far ahead exactly what my program may be, I would appreciate it if you would let me know when you arrive and we can, I hope, arrange for a time when we can discuss more fully than is possible in an exchange of letters the question of reserves and other problems of mutual interest. I also hope that you will have an opportunity at that time to meet those members of the Board and staff with whom you are not already acquainted.

Naturally I am eager to have your views individually as well as those of others connected with the System who are interested in the excess reserves and other problems. As I said before, I have deep misgivings about the practicality and advisability of having the directorates of the Federal reserve banks file their opinions with the Board here. Wholly aside from whether these opinions were filed privately or got out to the public in some way or other, the practice, certainly under present conditions, would serve only to register and crystalize opposition to liberal monetary policies. As you are well aware, the banks are still for the most part citadels of conservatism, and while you individually might be able to influence one directorate in the direction of liberality, I feel sure that the net result of the practice, which would likely be adopted by the other banks if initiated at any one, would be to divide the System at a time when, I think you will agree, a more united front is desirable from every standpoint. Moreover, I for one would not welcome the impact upon this Board of organized opinion that in all probability would reflect conservative local banker opinion and might tend to discourage independent action here in the broad national interest.


However, we can talk this matter out when you come here. I am entirely in sympathy with your viewpoint, and the

General R. E. Wood - (2)

practice which you follow in your own company, where I imagine the situation is not exactly comparable. I need not add that I am also very appreciative of your interest and your desire to keep yourself fully advised about these national problems. Needless to say, I greatly value your advice and counsel and welcome your individual opinions.

Sincerely yours,

M. S. Eccles,
Chairman.

 ET:b