

Sears, Roebuck and Co.  
Executive Offices  
Chicago

R E Wood  
President

October 1, 1937.

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

My dear Governor Eccles:

Much to my regret, I am going to miss you when you are in Chicago on October 7th, but I have to be in Washington on the 6th and 7th to attend a meeting of the Roper Council. I had hoped to see you in Washington, but presume we will cross each other on the way, as I have to be back in Chicago on the 8th.

I think the minutes of the last meeting of the Federal Reserve Board in Chicago will give you a very good idea of our views. I think the management of the local Board are not whole-heartedly in favor of the easy money policy of the Government and the Federal Reserve Board, but I am. I personally viewed with a good deal of misgiving the sudden increase in reserves which was put into effect last May. However, it has been done and perhaps it would be unwise to undo it at the present time. I am emphatically in favor of stopping the further sterilization of gold and I think it would be a wise policy to unsterilize the balance remaining, along the lines suggested in the minutes of the Board meeting.

I am of the opinion that general business is more or less at the crossroads at the present time. The purchasing power of the farmer and of the working man is here; he has more purchasing power than he had at this time last year. However, if the state of jitters which is prevailing in financial and industrial circles extends to the working man and the farmer and they hold off buying, it would hit business in a vulnerable spot on account of good-sized inventories. It would probably mean a period of at least six months with a considerable reduction in both production and consumption, and with resulting unemployment. I am of the opinion that at this time the Federal Reserve Board should make a gesture.

I am giving this letter to Mr. Schaller to hand to you when you are in Chicago.

Sincerely yours,

