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Executive Offices

Chicago

R. E. Wood
President

May 7, 1938.

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

Dear Governor Eccles:

I have just returned from a month's fishing trip to Alaska, where I was out of communication with the rest of the world much of the time.

I have been reading with much interest the President's message of April 15th. Of course, I think the action he took at that time was wise both as to the desterilization of gold and the lowering of the reserves, though I would agree with you that the latter was not particularly important and will have little, if any, influence. I only regret that the action was not taken three or four months ago, as this depression has fed on itself. However, I think the chances are more in favor of, than against, the possibility that the action taken will change the tide by September.

I also read in the Wall Street Journal of your views in regard to the proposed changes in the Federal Reserve Act. I am heartily in accord with the suggested changes. I think the present system is a camouflage and that the Federal Reserve Board of Governors should constitute the open market committee without representatives from the Reserve Banks. I also believe in the repeal of the section of the law which forbids the Reserve Banks from buying government securities directly from the Treasury.

I think the question of the price of gold may come up in the next four months. I have been opposed to any change in the price since the original change. I see the franc is again devalued, but I do not think that is of any particular importance in itself and it should not influence our action one way or the other. But if the British should devalue again, then I think we will have to make a change comparable to what the British do.

Sincerely yours,

