

September 2, 1937.

Mr. Ralph E. Flanders,
Box 477,
Springfield, Vermont.

Dear Mr. Flanders:

In Mr. Eccles' absence on vacation, I wish to acknowledge receipt of your letter of August 24th enclosing a copy of the letter which you had sent to the Messrs. Dennison, Filene and Leeds. Mr. Currie is also absent on vacation but is expected back on Monday, September 13th. I am sure he will be much interested in seeing your letter.

I am equally sure that he will question the interpretation which you place upon a few of his statements; notably, his observation that the increase in money supply was not accompanied by a proportional increase in general business activity. I doubt that he would feel that you were justified in reaching the conclusion that this "means that we have learned that the increase of the money supply by government borrowing and spending does not result in a normal stimulation of business under the conditions of the last two or three years".

Actually, of course, there was a tremendous increase in general business activity, and national income paid out rose from a low of 44.9 billion dollars in 1933 to 62.1 billion dollars in 1936, according to Department of Commerce figures. I shall not venture into further comment, but I merely wished to suggest to you that when Dr. Currie returns he will, I presume, wish to clarify these matters somewhat further.

On Governor Eccles' behalf, I want to thank you for your courtesy in letting us see your manuscript and the comments thereon.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,
Special Assistant
to the Chairman.

AT:b