

RALPH E. FLANDERS
BOX 477
SPRINGFIELD, VERMONT

July 17, 1937

Mr. Marriner S. Eccles, Governor
Federal Reserve Board
Washington, D. C.

Dear Mr. Eccles:

Thank you for your letter of July 6. I certainly could not ask for any better critical assistance than you are preparing to give me.

There is one subject touched on in the manuscript which seems to me to be of great interest and importance and on which I have little data. It may be that the Federal Reserve Board has material at hand which will permit of a more useful treatment.

The matter which concerns me is the present low velocity of circulation of funds. Is this low velocity unprecedented for this stage of the business cycle? Is the combination of large volume and low velocity unprecedented? What has been the previous history with regard to the velocity of circulation? I have found it difficult to put my hand on material that will be comparable for this and previous depressions.

One point of great interest and probably also of importance is that my figures 4 and 5 indicate that New York City is subject to much greater variations in velocity than the rest of the country. On the other hand, New York City is comparatively stable in the volume of its funds, while the banks outside New York are subject to wide variations in this factor.

With best wishes, I remain

Sincerely yours,



R. E. Flanders

REF:M