



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

OFFICE OF THE CHAIRMAN

Wednesday

Dear Governor:

Herewith are statements on the business situation and outlook as prepared by Goldenweiser and separately by Currie. I passed along to them your request for a factual survey of the present and a prophecy as to the future, with recommendations as to what might be done. Dr. Currie has gone into the recommendations more particularly, as you will note. He also prepared another series on important statistics such as he had gotten up for you in the past.

The picture still seems rather foggy to my mind, or possibly it is the mind that is foggy—doubtless. At all odds it seems difficult to present any clean cut analysis that leads to an equally clean cut diagnosis of what should be done—except so far as construction and building—and labor policy—are concerned. That much is susceptible of diagnosis and remedy, along the lines you have already laid down so often.

It seems to be evident now, in view of the western trip among other things, that the President does not intend to call a special session at any early date. I still think it possible <sup>he</sup> may call one a month ahead of the regular January meeting.

The papers are harping chiefly on the dilemma produced by the belated discovery that Black was once a member of the Klan. That is a truly "hot potato."

The market (stock) had another sinking spell over the week-end but has firmed up yesterday and so far to-day. Mr. Szymczak inspired a board meeting this morning but recommended against margin reduction at this moment, so nothing affirmative was done.

At Mr. Broderick's request I have prepared a letter which I carried over to the White House to show to Jas. Roosevelt who approved it. It is scheduled to be made public September 30.

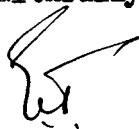
We are working up a release for Regulation A, to be made public—that is for release, as of Monday a.m. newspapers Sept. 27. I have had the text of your testimony mimeographed for background only, as I think I told you before.

By the way, Kint<sup>er</sup> had a piece in the Herald-Tribune to-day stating that Landis and Saperstein had conferred with the Board last week. He naturally surmised that the point was margins. This leak must have come—I believe—from the SEC, but it is relatively innocuous at this juncture, anyway.

There have been no particular developments of importance that I know of since you left. Things are running along on even keel at the Board. I am definitely of the impression, however, that both Davis and McKee would follow Broderick if something very good turned up—and that the latter had turned down some offer only because he felt it to be a duty to stay on here awhile. It looks to me as if membership will have to be made more permanent, with some retirement provision at least, if good men are to be obtained and held here. In the Broderick letter I made the point that he felt he could not make further sacrifices, on account of his family, etc.—and also brought out clearly that his leaving was not because of any divergence in view with others of the Board.

The weather is superb. Hope you are getting in some good fishing and real relaxation (doubting the latter).

Faithfully,

A handwritten signature, likely of the person who wrote the letter, consisting of stylized initials and a surname.