

October 4, 1938.

My dear Senator:

Enclosed are a couple of copies of the analysis I made last spring before the New Jersey Bankers Association to show the reasons for the downturn and the necessity for the government program. Enclosed also are various informal memoranda prepared by the economic staff here reflecting the definite upturn in industrial production and the other indices—all going to show that the program and the so-called pump-priming, far from failing, are working. There is no other way to account for the reversal of the sharp deflation that threatened and probably would have produced another major depression but for vigorous government intervention. I believe you will find in these notes material to answer the complaints about the increased debt burden, etc. It would be better, I think, if you should use this information as your own since it is not officially prepared as Board material, though I am confident it is entirely accurate.

Let me add my earnest wishes for your success. If there is anything I can do or any information I can obtain for you that would be of assistance, do not hesitate to call on me.

With kindest personal regards,

Sincerely yours,

M. S. Eccles,  
Chairman.

Honorable Robert J. Bulkley,  
Station H,  
Cleveland, Ohio.

enclosures

ET:b

A COMPARISON OF SOME STATISTICAL SERIES.

	<u>Aug. 1937</u>	<u>May 1938</u>	<u>Most recent</u>
<u>Reporting member banks</u>			
Loans and investments	22.3 billion	20.6 billion	Sept.- 21.2 bill.
Adjusted demand deposits	14.9 "	14.3 "	" 15.5 "
<u>Index of production</u>	117	76	Aug. 88
Durable goods	126	51	" 64
Non-durable goods	110	93	" 107
<u>Electric Power Production</u>			
<u>Index</u>	124	103	Sept. 113
<u>Department store sales</u>			
<u>index</u>	92	78	Aug. 83
<u>Machine tool order index</u>	180	67	" 121
<u>Residential building</u>	73 million		" 100 million
<u>contracts awarded</u>			
<u>Wholesale prices index,</u>			
<u>all commodities index</u>	87	78	Sept. 78
<u>farm products</u>	86	67	" 69
<u>Monthly income payments</u>	69 billion	63 billion	Aug. 64.5 billion
(expressed as an annual rate)			

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