

Sears, Roebuck and Co.

Executive Offices

Chicago 7

November 26, 1947

R. E. WOOD
CHAIRMAN OF THE BOARD

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

My dear Marriner:

I attach a clipping taken from the November 24th issue of the Chicago Journal of Commerce. I do not know what controls the government has in mind, but I believe that it will be very dangerous to put on control on the ordinary type of commercial bank note.

In the thirties, we had an average increase in population of not over 750,000 people a year; in the first five years of the forties, we had an increase of 1,500,000 a year; and right now we are having an increase of approximately 2,000,000 or more per year. We have the problem of providing facilities and service for a population which will have grown by approximately 17,000,000 people between 1940 and 1950. We must also consider the fact that due to the war very little was able to be provided during the war years. To provide these facilities, great capital expenditures are necessary and it would be a fatal mistake for the United States to put brakes on anything except speculative commitments.

Sincerely yours,



December 5, 1947.

General R. E. Wood,
Sears, Roebuck and Co.,
Chicago 7, Illinois.

Dear General Wood:

This is to acknowledge your letter of November 26. The best reply I can make to it is to send you a copy of the full text of my statement last week before the Joint Committee on the Economic Report. Accordingly, I enclose a copy realizing, of course, that it is long but the subject is complex.

I recognize, as you do, that during the war years many needed facilities had to be deferred and that the population is expanding at a rapid rate, so I am quite as eager as you are, I think, to have our facilities keep pace with the population. However, trying to overcome all the backlog and to meet current demands at the same time is already producing a very serious inflation which could get a lot worse. We need a little more patience. The country would be better off by keeping the inflationary pressures down and making the fulfillment of our needs last over a longer period thereby sustaining production and employment.

With kindest personal regards,

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b