

Ev. Eccles:

Thought you might
be interested in
seeing this.

Er

November 13, 1939.

Honorable John M. Carmody, Administrator,
Federal Works Agency,
Washington, D. C.

Dear Mr. Carmody:

As it seems to me that you and Mr. Eccles are viewing our economic problems from much the same angle, it occurred to me that you might be interested in seeing the text of the speech he made in St. Louis the other evening, discussing the whole subject from the interest rate standpoint that so much concerns the bankers, but coming out, I think, at about the same point that you do. The first three pages of the St. Louis speech deal with historical aspects of the Reserve System, but the meat of the discussion begins on page 4.

Your recent remarks at The Town Hall of the Air were necessarily much compressed, but brought out graphically how some 600,000 more workers are seeking employment annually. You are, of course, well aware that on the other side of the picture, as was mentioned by Mr. Eccles, technological advance has made it possible for industry greatly to step up production without a corresponding absorption of the unemployed. In addition, industry first increases production by using existing labor forces at full time and then on overtime, so that our industrial production index can go up a great many points without there being at the same time much, if any, reduction in unemployment.

Sincerely yours,

ELLIOTT THURSTON,
Special Assistant
to the Chairman.

enclosure

ET:b

FEDERAL WORKS AGENCY
WASHINGTON

OFFICE OF THE ADMINISTRATOR

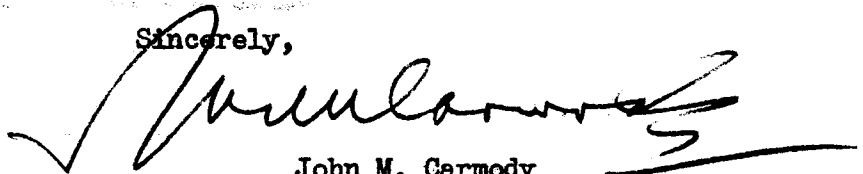
December 7, 1939

Mr. Elliott Thurston
Special Assistant to the Chairman
Federal Reserve System
Washington, D. C.

My dear Mr. Thurston:

I hope you will accept my apology for this late expression of appreciation for sending me a copy of Mr. Eccles' speech, which you did in November. I have read it with a great deal of interest, marked it in several places, and hope some time to be able to discuss with him and with you some of the points he made so clearly. Incidentally, it appears now that those who hold these general views ought to get together for at least a brief session.

Sincerely,



John M. Carmody
Administrator