



MISSOURI SCHOOL OF MINES AND METALLURGY

A DIVISION OF THE UNIVERSITY OF MISSOURI

DEPARTMENT OF ECONOMICS

ROLLA, MISSOURI

January 15, 1941

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

Dear Mr. Eccles:-

I have followed with a great deal of interest the address you delivered before the National Industrial Conference Board, in New York City, on November 28th. I believe your subject, "Economic Preparedness For Defense and Post Defense Problems" is one of the first public utterances I have read that mentions the post defense problems.

The General Electric Company have a recruiting party on our campus today seeking young engineers for their industrial program. I have learned from the Director of Personnel in charge of this party that the General Electric Company has definitely tied their defense work to post defense problems.

While you have presented your thesis from the point of view of banking and monetary problems, et cetera, I find my interests lie in that part of our economic world which employs young engineers, namely, the capital goods industry.

The question I would like to address to you is, Are there any feasible reasons why Industry as a whole may not, and should not, look forward to the post defense problems as they carry out their defense activities?

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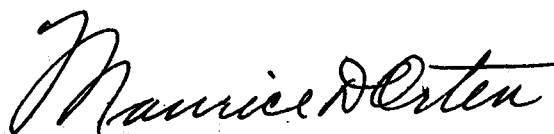
Hon. Marriner S. Eccles, Washington, D.C.
Washington, D.C.

The second question is raised. If Industry will attack these two problems jointly (and there should be no reason to detract from any defense program) will not such a correlated study tend to absorb the shock after the intensity of defense activities have subsided?

It is hoped that you will not consider these interrogations too trite and I may have the privilege of hearing from you at your convenience.

I beg to remain,

Most cordially yours,



Maurice D. Orten
Professor of Economics.

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January 18, 1941.

Mr. Maurice D. Orten,
Professor of Economics,
Missouri School of
Mines and Metallurgy,
Rolla, Missouri.

Dear Professor Orten:

This is to acknowledge receipt of your letter of January 15 with regard to the talk I gave before the National Industrial Conference Board.

There seems to me to be every reason why industry as a whole should look forward to post-defense problems insofar as that is compatible with a maximum of defense production. That is to say, I would not for a moment think industry would be justified in refusing to expand plant capacity because sufficient post-defense use for it is not visible. As you know, the Defense Commission has given much thought to expanding defense production in a way that will get maximum results without creating problems of further over-concentration in the industrial areas as to labor, supply, housing, etc.

Basic in any planning now, it seems to me, is the need to recognize that the transition to a peace time basis cannot be made by a sudden and sharp withdrawal of the Government contribution to the flow of funds in the economy, and the question, as I see it, is what things of peace we can plan for and actually blueprint ahead of time to substitute for the defense outlays that are now rapidly stimulating the whole economy towards maximum productive activity and, incidentally, an "armament" prosperity.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b