

THE RAILWAY CLERK

PHIL E. ZIEGLER, Editor

BROTHERHOOD OF RAILWAY CLERKS BUILDING
1015 VINE STREET



Cincinnati, 2, Ohio October 12, 1946.

Marriner C. Eccles, Chairman,
Federal Reserve Board,
Washington, D. C.

Dear Sir:

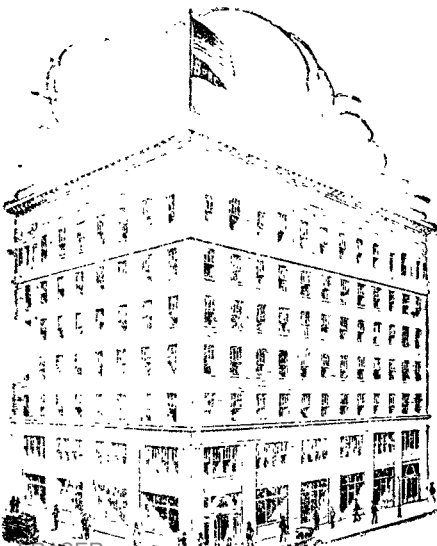
Is it possible for you to send me a copy of your 3,000 word memorandum on the economic outlook? Your speeches and public statements are always sound, reasonable, and interesting. The newspapers gave a very skimpy account. I would appreciate a copy of the memorandum.

Can you put the Railway Clerk on your list for future statements and copies of any speeches which you may make?

Sincerely yours,



Phil E. Ziegler, Editor,
The Railway Clerk



October 14, 1946.

Mr. Phil E. Ziegler, Editor,
The Railway Clerk,
1015 Vine Street,
Cincinnati 2, Ohio.

Dear Mr. Ziegler:

In accordance with your letter of October 12, I am having your name added to our mailing list to receive copies of future statements made by Mr. Eccles, who appreciates your reference to his recent memorandum. I am enclosing a copy herewith.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

Enclosure

ET:mmm

THE U C LAND & CATTLE CO.

WILKINS AND WUNDERLICH, Proprietors

Contact, Nevada

October 14, 1946

Mr. Marriner S. Eccles, Chairman
Federal Reserve Board
Washington, D. C.

Dear Marriner:

In the October 11th edition of the Reno Evening Gazette, I read with interest excerpts from a statement made by you. It is headed "Claims Prices Must Be Cut. Costs Beyond Reach of Many".

Would you mind sending to me a copy of the statement which you made. I will greatly appreciate receiving it.

During times like these, I want to keep just as well posted as possible, and have so admired the way you have expressed your beliefs. Once in a while I have an opportunity to visit with George and get his slant on these problems, but not as often as I would like. We are kept pretty busy out here on the ranch and spent about 75% of our time right here.

With kindest personal regards and wishing you continued success in anything you undertake, I am

Yours very truly,



Russell Wilkins

RW:mfw

October 18, 1946.

Mr. Russell Wilkins,
The U C Land & Cattle Co.,
Contact, Nevada.

Dear Russ:

In accordance with the request contained in your letter of October 14, I am enclosing a copy of the memorandum from which the necessarily brief newspaper account appears to have been taken.

It is good to hear from you and would be even better if you would come to Washington and let me see you in person once in a while. However, I know how busy you must be these days.

Needless to add, I appreciate your personal references, and I reciprocate most heartily your good wishes.

Sincerely yours,

Enclosure

ET:mmm

THE U C LAND & CATTLE CO.

WILKINS AND WUNDERLICH, Proprietors

Contact, Nevada

November 4, 1946

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

Dear Marriner:

During the past few weeks we have been away from the ranch a great deal and therefore the delay in answering your recent letter.

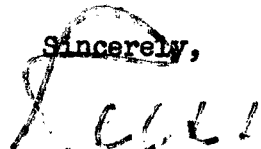
We have read the Memorandum on Economic Outlook thoroughly and feel that we have derived a considerable amount of good from it. The newspapers appear to have given the report a nice amount of space.

Thanks for your kind invitation to visit you in Washington, but it seems that we find enough to keep us going between Denver and the ranch. However, we do get an opportunity here at the ranch to be out doors a good portion of the time, and suggest that you come out to join us on one of your trips to Utah. We know that your responsibilities are great, but don't you at times yearn to get away from the responsibilities and crowds? Nevada would provide a nice haven of rest and some fine hunting and fishing, to say nothing of the opportunity to "hide out" for a few days.

It's only 30 minutes flying time from Ogden to our landing strip here at the headquarters ranch.

Again thanking you for your letter and the Memorandum and wishing you the best of luck in whatever you undertake, I am,

Sincerely,



RUSSELL WILKINS

RW/jm

FRED L. CRAWFORD
8TH DISTRICT MICHIGAN

W. H. HACKETT
SECRETARY

COMMITTEES:
BANKING AND CURRENCY
INSULAR AFFAIRS

ADDRESS:
1123 HOUSE OFFICE BUILDING

Congress of the United States
House of Representatives
Washington, D. C.

October 14, 1946

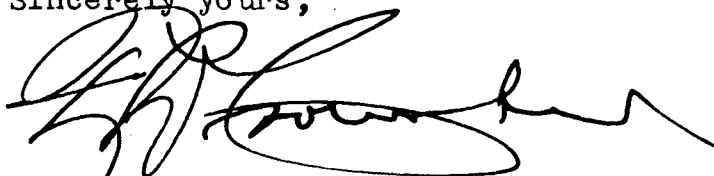
543 Millard Street
Saginaw, Michigan

Chief of Publications,
Federal Reserve Board,
Washington, D.C.

Dear sir:

Please send me two copies of the release upon which press reports were based covering the Chairman's views on wage - price trends. Newspaper articles appeared about October 8.

Sincerely yours,



Fred L. Crawford

October 17, 1946.

Honorable Fred L. Crawford,
Member of Congress,
543 Millard Street,
Saginaw, Michigan.

Dear Mr. Crawford:

In accordance with your request of October 14
I am sending two copies of Mr. Eccles' recent memorandum
on the economic outlook. Newspaper accounts were, of
course, necessarily fragmentary.

With best regards.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,
Assistant to the Chairman.

Enclosures

ET:mmm

THE INSTITUTE FOR ADVANCED STUDY

SCHOOL OF ECONOMICS AND POLITICS

PRINCETON, NEW JERSEY

October 21, 1946

Dear Governor:

It was pleasant to have the meeting with you the other day and to have an opportunity of discussing the present situation. I have also received a copy of your statement before the Outlook meeting of the Agricultural Department, and I think that it is a very good statement indeed.

I was glad to have you authorize Parry to let the Legislative Reference Bureau have such material on consumer credit as is not confidential. It will save the Bureau an enormous amount of work. I was also glad to have it made clear between us that you see no inconsistency in my being a consultant both to the Legislative Reference Bureau and the Board of Governors.

With best regards,

Sincerely yours,

E. A. Goldenweiser
E. A. Goldenweiser

Governor Marriner S. Eccles, Chairman
Board of Governors of the Federal Reserve System
Washington 25, D. C.

file
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ANDREW T. COURT

1517 IROQUOIS

DETROIT 14, MICHIGAN

November 5, 1946

Mr. Marriner S. Eccles
Federal Reserve Board
Washington, D. C.

Dear Sir:

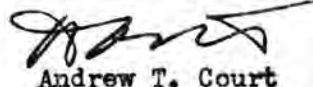
I found much of value in your October 7th memorandum on the current economic outlook. You emphasized increased productivity and no further wage increases as necessary elements in a sustained prosperity without inflation.

Thinking along the same lines, I recently computed the relationship between unit output per factory manhour and average hourly earnings. In other words, the factory labor cost per unit of output. An inspection of these data back to 1918 indicates clearly that, in general, unit labor costs have gone down pretty steadily over this 29 year period. In five periods, however, blanket wage increases outstripped productivity gains, with the result that unit labor cost increased by 10 percent or more. In three cases - 1920, 1923 and 1937 - this increase in unit labor cost was followed by rather severe declines in business and in employment. In the other two cases where wage increases outstripped productivity gains, namely, 1933 and 1941, there was extremely heavy government spending and business depression followed. The NRA blanket wage increases were followed only by a period of stagnation and pause in the general recovery trend which lasted about a year.

It remains to be seen what will be the sequel of past and impending wage advances now facing the nation. Productivity has certainly shown little improvement.

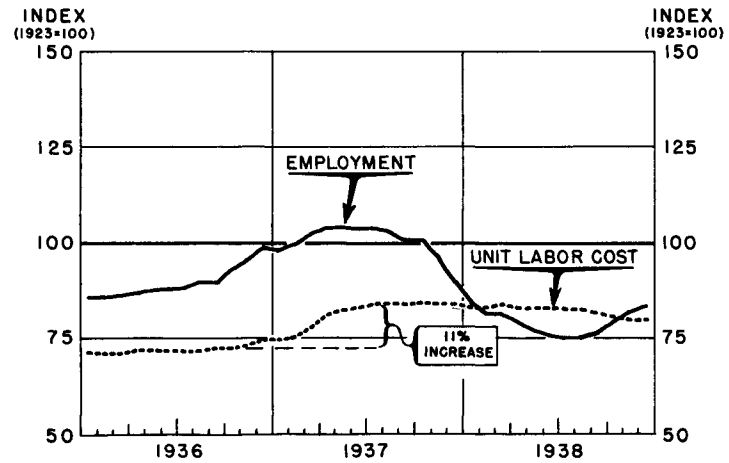
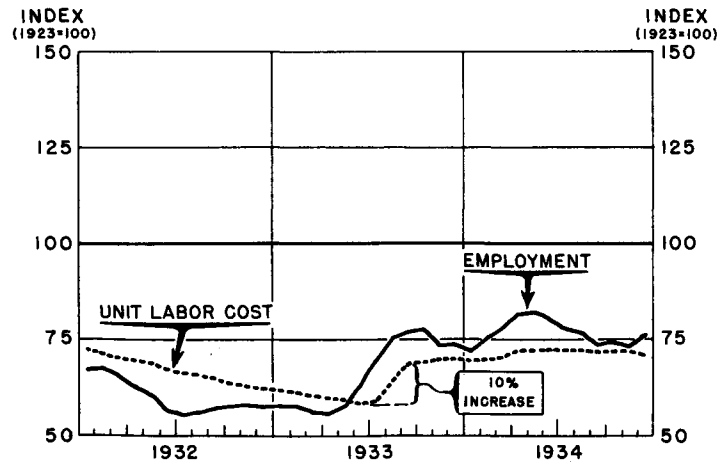
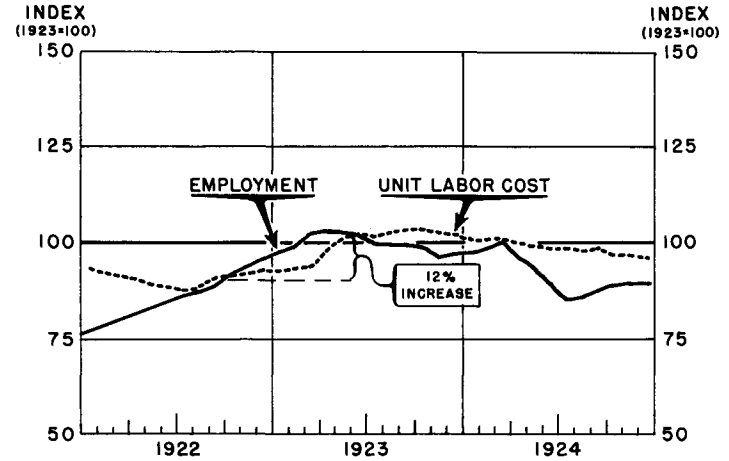
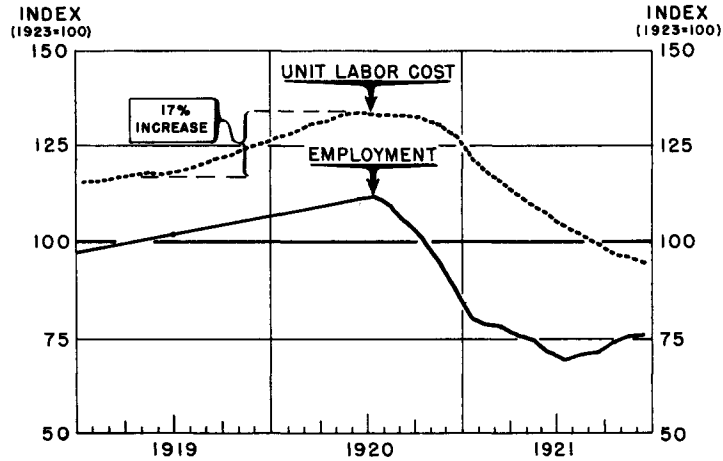
In any case, I am enclosing a chart which may be of some interest to you in this connection.

Yours very truly,



Andrew T. Court

UNIT LABOR COST INCREASES OF 10% HAVE USUALLY BEEN FOLLOWED BY DECLINES IN EMPLOYMENT



Unit Labor Cost computed from BLS Productivity Index & NICB Hourly Wage Index.
Employment data is NICB Index.

These charts cover all the peacetime periods in the history of the United States for which it is possible to estimate the monthly changes in manufacturing industry unit labor cost, and during which there was a 10% increase in such costs.

Data are not available before 1919. The only subsequent serious declines in employment not preceded by a 10% increase in labor costs was in 1929-32.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 15, 1946

To Ken

Subject: _____

From Th. M. ...

Court's letter to the Chairman is especially interesting in light of Court's statement about these same charts at the Productivity Conference. At that time he stated that here was some data he had gotten together and was presenting them for whatever interest they might have. He implied that he was not sure what they proved.

Even a cursory examination of the relations he presents make me suspect that they are not meant to be a reasonable statistical approach to the problem of labor costs and cyclical movements in employment. The best that can be said for the charts is that they show that wages sometimes go up when prices are increasing high.

The concept of unit labor costs has value as a measure of the cost of one of the factors as related to unit physical output over a period of time but as it is presented ^{by Court} it has no significance as a measure of the changing relative share of output which labor receives. Court is implying of course that labor receives a relatively ^{larger} higher than its usual share during periods of prosperity thus causing unemployment. The minimum that would be expected in examining a labor cost thesis would

be to deflate unit labor cost by some price index or perhaps use total ~~total~~ value added in the denominator. Either of the above approaches would be illuminating but they would not lead to the same simple but erroneous conclusions which Court arrives at.

If an index of profits was plotted instead of unit labor costs one could have ^{an} easily concluded, with much greater graphic clarity to support him, that sharp increases in profits have invariably been followed by declines in employment. One would also then be able to include a chart for the years 1928 to 1932 which Court has obligingly forgotten; for during 1927, 1928 and 1929, unfortunately for his theory, unit labor costs declined but ^{profit} ~~prices~~ increased. His statement that business depressions followed the 1933 and 1941 increases in unit labor costs makes no sense at all.