

REINHOLDT & GARDNER

ST. LOUIS

NEW YORK

400 LOCUST STREET

ST. LOUIS 2, MO.

CENTRAL 6640

January 23, 1946

MEMBERS

NEW YORK STOCK EXCHANGE
NEW YORK CURB EXCHANGE (ASSOCIATE)
CHICAGO STOCK EXCHANGE
ST. LOUIS STOCK EXCHANGE
CHICAGO BOARD OF TRADE

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

Dear Mariner:

The eliminations of margins as announced by your Board was no surprise to me as I knew how you felt along these lines. However, seeing your name in the newspaper announcing this policy brought back to me many pleasant golf games we had while in Washington. We certainly had a lot of fun and you are a grand partner.

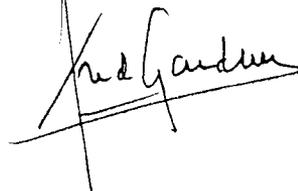
While I don't go along with your policies on margins a hundred per cent as I doubt ~~as~~ they will accomplish what you have in mind, yet I know that you are making a sincere effort to do everything in your power to ward off excessive inflation. Of course, we have some right now. I am certainly all with you on this general policy.

The thing that is upper most in our minds in this locality is naturally the labor situation. It seems to us that this should be the time to initiate a real constructive labor act which will give management the same consideration as labor. It should also among other things make labor responsible for their carrying out their contracts. Sympathetic strikes should be outlawed. The unions should be forced to make public their financial situations, salaries to employees, the sources of their income, and a statement of their expenses. In other words, I think that they have been operating too long on a one way street. Once a good fair labor act is on the books then it would seem to me the Government should withdraw from the picture and allow for collect bargaining to be conducted between management and labor without any interference.

I know that this is not under your wing, but I do know that you have a great deal of influence in Washington and I just want to pass these thoughts on to you for whatever they might be worth. The feeling out in this section is getting stronger and stronger as the strikes continue to increase.

Do hope that you will get around this neck of the woods some time soon and when you do I want you not only to have lunch with me, but I think I can find a couple of fellows out here that we can take a little money from on the golf course.

Sincerely,



Fred W. Gardner
MM

January 28, 1946.

Mr. Fred W. Gardner,
Reinholdt & Gardner,
400 Locust Street,
St. Louis 2, Missouri.

Dear Fred:

This is to acknowledge your letter of January 23 in regard to margin requirements and also the much more basic matter of labor and management policies. Since it is possible that you may not have noted the statement of my own views that I gave out when the Board increased margins to 100 per cent, I am venturing to enclose a copy. I tried to make it clear that I had no illusions about the effectiveness of this action as an inflation curb. For whatever good it may do, it is justified at this time, I think. It will not have been altogether in vain if it helps to demonstrate that the way to get at this problem is by other means that will reduce speculation based on cash rather than on credit which, as I tried to point out, is a relatively minor factor.

The chief difficulty with programs such as the one you outline on labor policy is the fact that politically it has been and probably will continue to be impossible to enact. You and I among the people we know best hear a great deal about making this a two-way street, but as a practical matter we are out-voted when it comes to legislation that would put into effect such proposals as you suggest.

I appreciate having your comments and particularly your golfing references, which recall pleasant hours that I certainly hope we may duplicate when and if I can get out to your neck of the woods or when you come here.

With best regards,

Sincerely yours,

enclosure

ET:b