

June 25, 1935

Dear Pres:

Thank you very much for your letter giving me the figures on the various bond salesmen and I agree with you that the department certainly is functioning in a very remarkable way. Here's hoping things will keep on and of course my letter suggesting that we were not getting our fair cut at this end, was not meant as anything more than an attempt to let you know what Reggie felt about his trip. Business has not been as good this month as we had hoped it would be but I don't think we will lose any money.

It has been very difficult for me to handle both the office and the three committees in each of which, I find myself more or less a major cog for the time being, in addition to the fact that almost everyone who has any complaint, no matter how small, wants to make an appointment with me to talk it over. I am getting pretty well fed up with this and am now ducking out whenever the going gets too tough. In the Quotations and Commissions Committee I had a fight on my hands from the start, as to the matter of getting rid of Mr. MacLay, and you will be glad to learn that we accepted his resignation last Thursday as of the first of July. He speaks very highly of uncle and on the whole seems a pretty reasonable old codger but it is a great relief to everyone concerned to see him go. I have been trying to take a back seat as much as possible and let others get the credit for having been the driving wedge in reorganizing the division particularly as I want to alienate as few people as possible and build up as high a regard for the firm as I possibly can.

Col. Prentiss of Hornblower and Weeks had me to lunch again and continues very desirous of having us put in a wire to them. Paul Davis who comes on regularly from Chicago for the bi-monthly meetings has also been very keen on furthering this alliance but it is perfectly obvious to me that his desire aside from the fact that I think that he likes me, is motivated by the feeling that we may be able to distribute a good many bonds and new issues in the Southwest. I have told them all that we are not interested in syndicate operations and that the Commission business is good enough for us. There are many advantages to a connection with such a firm as they are considerably more progressive and aggressive than are Post and Flagg. As to Post and Flagg's attitude toward our acquiring another wire, I am not at all certain but do not think that it would make any serious breach between us. I have gotten quite friendly with Flagg in the last few weeks and find him one of the nicest fellows down here but very definitely a dumb bell. He is absolutely lost upstairs and wanders around in a fog wondering what it's all about, constantly coming to me and asking me if I won't go to a certain committee meeting in his place for the dual reason that he doesn't know what's going on and his wife is waiting to play golf with him.

Arthur Turnbull is becoming more and more inactive and the executive end of the firm is rapidly developing entirely on the shoulders of old Mr. Post and Walter Sykes who continues to be as unpopular as ever altho he has been very kind on the whole to me. Gordon is working hard and our little office functions quite smoothly in the back part of the second floor where we have now written the name of the firm on the door leading into that room. It is quite an improvement. One interesting development has been that I have been approached by several people of a desirable nature, who desire to place capital in the firm in return for

either becoming a partner or a privileged customer's man. Bill Sanford who is a class mate of mine and doing very well with the New York Trust, seems to be capable of fulfilling what we have been looking for, for a long time. He was prepared to put \$50,000. into the firm and would unquestionably be a real asset to it. I was just on the point of having him go out to St. Louis to talk things over with you. When after thinking it over, he decided to postpone any further thought of it at this time because of the possibility of his going into a business in which he is deeply interested, namely, the shipping of bananas, as an executive officer of the United Fruit Company, some time before the end of the year, if certain plans develop. Frank Vanderlip, Jr. also seemed to me a very desirable individual and I have approached him several times on the matter, but for the present at least, do not think we can move him from Baker, Weeks, & Harden where his father is a special partner.

I succeeded in getting the wire to Tausig, Day & Co. approved, tho I have to go to bat pretty hard to do it. Outside of that, there has been very little for me to do so far as St. Louis houses are concerned. Mr. Talton Francis took the trouble to come in and see me and so in return I wrote him a long letter assuring him of my desire to cooperate with the St. Louis brokers wherever possible. Any suggestions or ideas as to how I can be of service, without getting myself individually into a jam will be gladly received.

That Mr. Roosevelt has been steadily losing ground during the last few weeks, is now admitted even by Mr. Moley. It also seems to be generally conceded that he acted rashly in his horse and buggy speech immediately following the N.R.A. court decision. The Republicans, who in my estimation, still have practically no chance of putting an effective program in the field prior to 1940, are centering on the Constitution as an issue and it is interesting to me that the old issue between the Federal Government and the States as to the jurisdiction of each, will now doubtless become the paramount issue of the next generation and personally, I think it is just a matter of time until the Federal Government wins out. However, at the present time, it looks very much as tho the Constitution would prove the rock on which Mr. Roosevelt and his New Deal Economists would founder.

It is very difficult to get an intelligent view in Wall Street because with the recent tax move, the battle is becoming distinctly a class struggle between the rich and the poor. As an evidence of this I have only to cite that the great hit of the Yale Reunion this year was a large banner which they paraded through the streets of New Haven with the blazing letters "Roosevelt went to Harvard". Altho I cannot agree to any of his monetary program, never had any use for the N.R.A. and have had a hard time swallowing a lot of the so-called economics of the New Deal, I still think that Mr. Roosevelt is making a real effort to work toward the greatest good for the greatest number. He is doubtless making his great mistake in his failure to recognize that by and large, the poor are just as selfish, sloppy and uninformed in their viewpoints as any one could possibly be and that a lot of talk about the forgotten man is just a lot of sentimental nonsense. However there is such a thing as noblesse oblige and as Westbrook Pegler pointed out in his column the other evening, economics be damned, the American public are sick and tired of Barbara Hutton, the Vanderbilts, the Whitneys and all their race horses

and where emotions form the basic part of mass consciousness, it seems to me inevitable that the Huey Long, Father Coughlan and new Roosevelt Program should evolve.

The outlook for security prices becomes definitely brighter day by day altho business is likely to recede well into July and prospects for August are not overly bright, the general outlook for the Fall continues even more promising and the early forecasts in the Department of Commerce. Mr. Gay feels very definitely that the chief problem of his year's administration will be the curbing of speculation and that before the year is out, the combination of easy money and rising earning power will produce a minor boom which if it gets out of hand will indubitably reflect on him and cause further embarrassment for the Exchange.

I have had one rather embarrassing situation as regards the Admissions Committee of which Mr. Roesler is the Chairman. He is rather old and showing definite signs of senility so that he was very much hurt when he was omitted from the Quotations and Commissions Committee and I was placed thereon in his stead. He came to me and told me that he could not see why one so young as I, should have been placed on such an important committee whereas he who had served so long and faithfully and was the head of one of the large houses, had been omitted. I handled this situation by telling him that if it was agreeable with him, I would take the liberty of using him as my Technical Adviser and have since made frequent calls at his office whenever any matters to be voted on, have come up, no matter how small or unimportant the issue. I have also soft-scoped him a bit by telling him that at his age, he must be relieved not to have to bother with troublesome detail and that I can use his advice, while at the same time relieving him of the necessity of reviewing many relatively unimportant matters. This, I think, has pleased him and at the present time, he seems to be thoroughly reconciled to the present position and has even spoken in a complimentary manner about myself, on one or two occasions.

I have worked very hard, learning the Constitution and Rules, but have a lot further to go yet as the history and background involved in the Revision thereof, up to the last text of 1925, are considerable and necessitate a great deal of Academic Research work which takes an interminable amount of time to accomplish. This gives you a general picture of the situation to date.

The foregoing may give the impression that I am trying to play a more important part than my actual position suggests I should but if you understood fully the background and key position which I occupy on the so-called New Deal platform, you will realize that I am caught between the devil and the deep blue sea so far as keeping from being a rubber stamp on the one hand and a busy-body on the other. It is quite a problem to please everyone and I find myself being the center of all complaints which anyone no matter how insignificant, feels that they have against the existing Exchange management. One of the reasons for this, is that I have doubtless been too friendly so that everyone feels free to talk to me, where they often would avoid bringing the matter up with one of the higher-ups. Hence it is going to be increasingly difficult during the summer months, to steer the fine course between Scylla and Charybdis, so

you will have to read a good deal between the lines in this letter and you can rest assured that I am avoiding as far as possible, overplaying my hand, particularly where important financial interests are represented.