

# Bank of the Manhattan Company

NEW YORK

OFFICE OF THE PRESIDENT

April 15, 1936.

Mr. Risto Ryti, Governor,  
Finlands Bank,  
Helsinki, Finland.

Dear Mr. Ryti:

I thank you very much for your letter of the second and your kindness in writing me so fully about conditions prevailing in Finland. I have studied what you write with very great interest and am pleased to note the steady and satisfactory improvement which is reflected in most lines of business. The improvement in the building trades is indicative of the reduced unemployment and the prosperity of the country as a whole.

The figures which you give me in regard to the surplus running in your company's favor in connection with its imports and exports is very gratifying and the substantial reduction in your foreign debts in the past six years is little short of remarkable. It all must be gratifying to you, to whom so much credit is due in guiding your nation in its economic and financial policies.

It is especially refreshing to note that conditions such as you indicate can have been brought about without any of the nostrums and theoretical panaceas which have been inflicted upon us in this country. While we have had a material improvement in our general condition, I feel that a greater part of it was bound to come anyway and that at the moment better progress could be made if it were not for the general prevailing lack of confidence caused by the policies of the Administration.

Business conditions in this country improved materially during the month of March, though the flood conditions which prevailed through some areas of the New England states, Pennsylvania and Ohio were a drawback. The financial damage was considerable and business in those areas was somewhat retarded, particularly the steel industry around Pittsburgh. The slowing up of these businesses has adversely affected railroad shipments during the past few weeks.

The uncertainties and anxieties in regard to the European political affairs have caused some concern here, and the new program of tax legislation, based upon levies upon undistributed



earnings, has caused great uncertainty among business men in general. This has resulted in their disinclination to undertake any new projects until the type of legislation which may be passed is more clearly ascertained, and many projects which had been about to be launched have been postponed.

The coming conventions in June are absorbing more and more interest. The leading candidates for the Republican party are Landon, Vandenberg, Knox and Borah, in the order named, - although there is a possibility that no one of these men will secure the nomination. Of course, President Roosevelt will receive the Democratic nomination and, I believe, will be reelected.

As the campaign approaches we may anticipate a slackening of business, although there is every indication that the second quarter of the year will be very satisfactory, and the satisfactory volume of sales may be carried over into the third quarter, due to the substantial expenditures which will be made under the Farmers Soil Conservation Bill and the distribution of the bonus to the ex-soldiers, which takes place on the first of June.

Retail trade and the automobile industry have shown the most steady and satisfactory gain in sales and in profits, while the heavy industries still lag.

Farm income has materially increased over last year and there is every indication for abundant crops the coming season.

Easy money conditions still prevail, although recently there has been a marked increase in loans to brokers and increased borrowings from the banks for commercial purposes. Excess reserves have declined somewhat, although they continue at such a large figure that they really are unhealthy.

The rapid advance in the bond market has been checked and recently one of the large steel concerns rearranged its financing by increasing the proposed coupon rate from 4% to  $4\frac{1}{4}\%$  and reducing the amount of the loan, although the recent substantial issues of National Dairy Products,  $3\frac{3}{4}\%$ s, sold at  $100\frac{1}{2}$ , with a convertible feature, and the New York Central - one of our leading railroads - with a  $3\frac{3}{4}\%$  coupon, which came out April 7th at 98, were very satisfactorily received.

The large Government financing of March 15th was heavily oversubscribed and the Government Bond market is still strong. There is no large financing contemplated by the Treasury before June 15th.



Mr. Risto Ryti

- 3 -

April 15, 1936.

The reports as published by the Public Utility Corporations show a satisfactory increase in the consumption of electricity and their volume of business is very good. The only difficulty with the industry is the uncertainty as to the outcome of the Wheeler-Rayburn bill.

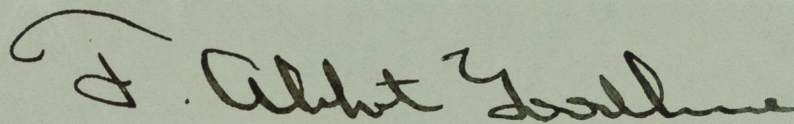
The building industry has shown a material improvement over last year, particularly in the moderate-priced family dwellings.

The all-important problem of the huge spending and unbalanced budgets of the Government, State, Municipal and other political sub-divisions is still unsolved and the outlook for ever-increasing taxes still prevails.

On the whole, however, I look forward with confidence to better business and satisfactory earnings for the immediate future.

With kind regards,

Very sincerely,

A handwritten signature in dark ink, appearing to read "J. Albert Goodhue". The signature is fluid and cursive, with a large initial "J" and a stylized "G".

President.