

Feb. 21, 1945
San Francisco, Cal.

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

Dear Mr. Eccles:

I am writing this letter to you as a sergeant in the U. S. Army, who for many months risked his life for his country, and is now incapacitated with malaria.

As a patriotic soldier and citizen, it is my duty to bring to your immediate attention a most dangerous unpatriotic attitude on the part of many, many individuals throughout the country.

Since the War started every member of my family and myself has invested to the limit in government bonds. However, during the past year, I was amazed to find that many persons I meet and talk to are investing all their funds in the stock market and not in government bonds. These individuals believe the government has failed to control the cost of living; that the value of the dollar is in a definite downward decline; and therefore they say only stupid uninformed morons are buying government bonds; they say intelligent and smart money is going into the stock market, where tremendous profits are being made. They say that inflation is a certainty, and therefore, government bonds are the worst possible investment.

A wealthy, retired individual I know told me he made \$200,000 in the stock market in 1944. He said he kept 75% or \$150,000 for himself and paid the government 25% or \$50,000. He said if his regular income were \$200,000 he would only keep about \$50,000 for himself and give the government \$150,000; just the reverse of what he did as a result of his stock profits. He said International Telephone went up from \$1.50 per share to \$24.00 per share, or 1900% rise; Willys Overland from \$1.50 per share to \$20.00 per share, or 1500% rise; Studebaker from \$3.50 per share to \$24.00, or 700% rise. He said many stocks have gone up from 300% to 2000%.

Many individuals all over the country believe with the stock market "booming", with people getting rich in stocks, why should they throw their money away on 2-1/2% government bonds?

Is this attitude fair to the millions of service men like myself who have risked and are still risking our lives for our country? If you can use your good office, or your influence on the President, or Congress, or other authorities to put a stop to this stock market gambling, where billions of dollars are going instead of into government bonds, then the service men will feel that the government and the people at home have not broken faith with them.

Respectfully yours,

Sergeant George Wilson,
U. S. Army.

February 26, 1945.

Dear Dan:

Here's a letter from an army sergeant that I wish you would take a moment to read. It is the most compelling brief argument for a penalty rate on speculative capital gains that I can possibly imagine.

I have the original in case you might suspect me of writing it myself! I can only say that I doubt if I could have written as effective a letter.

Sincerely yours,

Honorable D. W. Bell,
Under Secretary of the Treasury,
Washington 25, D. C.

Enclosure

ET:b

February 26, 1945.

Dear Fred:

Here's the letter from the army sergeant I mentioned to you over the telephone. I do not know why it is that army sergeants always seem to write the most intelligent letters supporting things in which I am interested. Anyway, this is a crackerjack.

As I said to you, I have the original in case you suspect I wrote it myself! I can only say I could not have written so good a letter. It is the best brief argument for promptly enacting the penalty rate on speculative capital gains that I can imagine.

Sincerely yours,

Honorable Fred M. Vinson,
Director,
Office of Economic Stabilization,
Washington 25, D. C.

Enclosure

✓
ET:b

OFFICE OF ECONOMIC STABILIZATION

WASHINGTON, D. C.

February 27, 1945

FRED M. VINSON
DIRECTOR

attention Elliott
file
W
Dear Marriner:

Thank you for sending me Sergeant Wilson's
letter. I agree with you, it is a crackerjack.

Ever yours,

Fred

Honorable Marriner Eccles
Chairman, Board of Governors
Federal Reserve System
Washington 25, D. C.

