

Louisville & Nashville Railroad Company,

Louisville, Ky.,

November 18, 1939.

J. B. Hill,
President

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

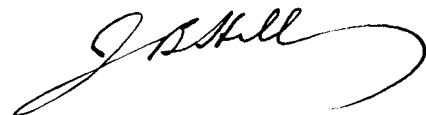
My dear Mr. Eccles,

I am a member of the Board of Directors of the Louisville Branch of the Federal Reserve Bank of St. Louis. I was on the train the night of November 9th and did not have the privilege of hearing your address. A copy of it has been sent me by the President of the Federal Reserve Bank of St. Louis, which I have read with much interest.

I cannot fail, however, to tell you how very much I disagree with what apparently is your conviction that our prodigious spending must continue and that it be met by additional taxes. It seems to me so evident that this policy, so assiduously carried out during the past few years, has resulted in such utter failure, that at least some suggestion of caution ought to present itself. It is utterly surprising to me that those in high places do not urge that our government be run on more economical lines. I am strongly in favor of an armament program, but believe there is plenty of room in reduction of unjustifiable expenditures to take up the needed increases without increasing the burden of taxation, which in itself is defeating not only the expansion of business but also the desire of those running business to undertake such expansion. There is no incentive for doing it. If we should become involved in war with our present debt structure, it seems to me our situation would become tremendously serious. So far as all forms of government are concerned, local, state and national, I have the same attitude toward them as I have toward my personal affairs and my corporate connections. I do not undertake things I cannot afford.

I make these generalizations merely as an expression of a conviction, without undertaking to argue in detail many things about which men have such different opinions.

Yours very truly, .



November 21, 1939.

Mr. J. B. Hill, President,
Louisville & Nashville Railroad Company,
Louisville, Kentucky.

Dear Mr. Hill:

On behalf of Chairman Eccles who is temporarily in the west, I wish to acknowledge receipt of your letter of November 18 with reference to his recent address in St. Louis.

It occurred to me that because of your interest as a business man and as a director of the Louisville Branch, you might be interested in noting also a previous address that Mr. Eccles gave before the Harvard Business School Alumni last June when he referred to the difficulty encountered when it comes down to particularizing the items on which public expenditures could be reduced in any substantial way. He has repeatedly emphasized his own belief that governmental expenditures should not be made wastefully in any case, and did not feel he needed to recur to this obvious platitude at St. Louis. As a practical matter, I am sure you recognize how prone the Congress is to talk economy but to practice ever-increasing expenditures. Anyway, I felt you might wish to glance at the enclosed speech, particularly pages 8, et seq.

Sincerely yours,

Elliott Thurston,
Special Assistant
to the Chairman.

enclosure

ET:b