

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date June 15, 1944

To Mr. Musgrave

Subject: Treasury Conference on Postwar

From Everett E. Hagen *EEH*

Tax Policy

Time and place: Tuesday, June 13, 2:30 p.m., in Under Secretary D. W. Bell's office.

Persons present: From the Treasury: Mr. Bell, Roy Blough, Louis Shere, and another assistant of Mr. Blough. In addition, the following four agencies were represented:

Bureau of the Budget: Gerhard Colm.  
Judge Vinson's office: Mr. Fritchard.  
Justice Byrne's office: Ben Cohen.  
Board of Governors: Everett E. Hagen.

Purpose: To organize a group representing the Treasury and the four other agencies listed above to work throughout the summer in formulating recommendations concerning postwar tax legislation, which recommendations the Treasury will present to Congress.

There was no specific discussion of tax policies at the meeting. Organization of this working group was discussed. It was agreed that the group would be limited to the agencies and number of individuals present, and that this group would meet perhaps as often as once a week throughout the summer, to discuss tax policies at some meetings and to hear testimony by representatives of various interests at other meetings. It was agreed that meetings of the forum type previously held, including 50 or 60 persons, should be held perhaps once a month. For the immediate future, plans are as follows: Mr. Blough will send out an outline of proposed postwar tax policies by the end of this week. Representatives of the other agencies are asked to send comments to him by the middle of next week, that is, by about June 21. By the end of next week Mr. Blough will send out a revised outline. The group will then meet again on Monday, June 26.

The climate of opinion at the Treasury, or at least in some quarters within the Treasury, is indicated by two facts. (1) Mr. Shere said that the article by Mr. Goldenweiser and me estimating that a gross national product of 170 billion dollars would be needed two years after the war to maintain full employment was so startling to him and other persons in the Treasury that it "practically lifted them out of their chairs". They have apparently been thinking in terms 20

or 30 billion dollars smaller. (2) Mr. Bell asked whether it is not true that at a national income of 125 billion dollars people would have enough income so that debt retirement of 5 billion dollars a year annually could be planned upon.

According to Mr. Bell, the House and Senate Committees will have technical advisers at work during the summer on postwar tax policy. Chairman Doughton of the House Appropriations Committee has expressed the desire that the Treasury work during the summer on formulating a policy for legislation concerning postwar taxation but has added that the Treasury research will not get anywhere unless it proceeds with corporation with the Congressional committees. The meeting reported on here was called before Mr. Doughton made these remarks.