

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date April 29, 1943

To Chairman Eccles

Subject: Meeting of Economic Stabilization

From Martin Krost

Board, Friday, April 30, 1943.

SMK

I just talked with Mr. Paul about the presentation to be made at tomorrow's meeting of the Economic Stabilization Board. He said that the Secretary would not be present and that he would do the talking. He said that he understood that Judge Byrnes wanted a general discussion rather than a set of particular proposals and that the presentation would be of a general nature, designed primarily to enlist support from the labor and business members of the group. The talk would follow the familiar lines of a description of the increasing pressure of money income upon the limited supply of goods and the necessity of fiscal measures to supplement the direct controls. If asked for an outline of the Treasury Program to be presented after the present controversy over pay-as-you-go was out of the way, he expected to say that the program would consist largely of proposals for increased income taxes and compulsory savings. He did not expect Congress to provide additional revenue in the current year beyond the \$3 billion involved in a shift to a current collection basis. (The \$3 billion figure is for a full fiscal year; only \$1.5 billion will be raised if a collection at source system is established as early as July.)