

Mr. Thurston has the
attachment.

FEDERAL WORKS AGENCY
WORK PROJECTS ADMINISTRATION

1734 NEW YORK AVENUE NW.

WASHINGTON, D. C.

HOWARD O. HUNTER
COMMISSIONER OF WORK PROJECTS

April 13, 1942

The Honorable
Marriner S. Eccles
Chairman
Board of Governors of the
Federal Reserve System

Dear Mr. Eccles:

Here is an idea in connection with the overall problem on excess income.

After increased taxes, withdrawal taxes, forced savings, etc. there will still be a substantial excess national income.

Why not encourage and promote the use of this excess income to buy certain capital consumers goods such as automobiles, radios, etc. for future delivery?

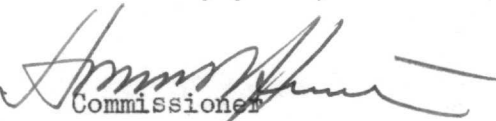
For instance, a consumer could pay in money and receive certificates for purchase of an automobile after the war and after automobile production can get started again. This would siphon off that excess income now and, just as important, provide a large backlog for immediate production after the war and for immediate employment.

These purchases would be guaranteed by the government. It would also be possible to have the government hold the money, to be released to the particular automobile manufacturer after the war.

Insofar as automobiles go, the Germans have been selling cars for a long time although they do not either make or deliver cars. Cars are to be delivered after the war (they hope). In the case of the Germans, of course the government takes the money and spends it. In our case we would hold the money and distribute it to private manufacturers after production can be started.

Incidentally, manufacturers could employ a certain number of salesmen now to promote this plan and to secure commitments from individuals, thereby helping with one of the most serious employment dislocation problems we have at the moment.

Sincerely yours,


Commissioner

April 15, 1942.

Honorable Howard O. Hunter,
Commissioner of Work Projects,
Federal Works Agency,
1734 New York Avenue, Northwest,
Washington, D. C.

Dear Mr. Hunter:

As Mr. Eccles is temporarily out of town on a visit to the West, I wish to acknowledge receipt of your letter of April 13 with the suggestion of present payments for future delivery of various durable goods.

In the meantime I have passed the idea along to some of our people here for further pondering and such disposition of it as they think appropriate. On behalf of Mr. Eccles I want to thank you for passing the suggestion along.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,
Special Assistant
to the Chairman.

ET:b