

FRED A. CARLESON

INCORPORATED
AUTHORIZED DEALERS



DEPENDABLE **DOUBLE CHECK** SERVICE
AT STANDARD FORD PRICES

DISTRIBUTOR
LINCOLN—LINCOLN-ZEPHYR

535 SOUTH MAIN STREET
SALT LAKE CITY
U. T. A. H.

March 9, 1938

Mr. Marrimer S. Eccles
Governor of the Federal Reserve Bank
Washington, D. C.

Dear Mr. Eccles:

Enclosed herewith is a copy of a letter addressed to the President's Secretary containing an idea that Harry and I think very timely, and the need for which is extremely urgent.

We agree with the idea which I believe you advanced, of a tremendous push rather than a slow, long, drawn-out process.

If I have been able to portray the great possibilities that we can see in this plan I am sure you will become enthused. If so, we trust that you will see fit to give it your support to the extent that it will be seriously considered by those in authority.

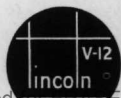
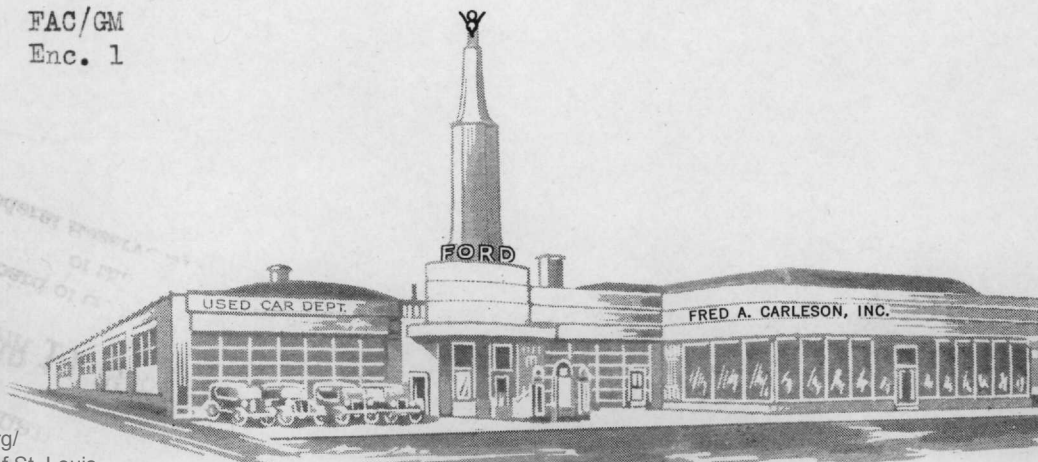
When convenient we will appreciate knowing your reaction.

Kindest personal regards, we are,

Yours sincerely,

Fred A. Carleson
Fred A. Carleson

FAC/GM
Enc. 1



March 8, 1938

Mr. James Roosevelt
Secretary, President of United States
Washington, D. C.

Dear Sir:

Herewith is an idea which I trust will be passed on to the proper persons for serious consideration. The automobile industry is bogged down to the extent that both manufacturers and dealers together with thousands of their employees are threatened with serious consequences. To get this important industry moving up quickly an immediate stimulant is needed.

With combined effort and financing of all manufacturers, dealers, and the United States government in a gigantic junking and salvaging program, disposing of 2,000,000 runnable but obsolete and unsafe cars in double quick time, would make it possible for this to become a 4,000,000 car year instead of half that amount.

Here, briefly, is my plan. I have many ideas as to administering and safeguarding the plan, but will not take time to elaborate now.

The government to appropriate \$200,000,000 part of which will be repaid by automobile manufacturers and dealers. This amount allocated to districts for the purchasing of 2,000,000 cars of 1929 manufacture or later through government agencies already set up, at the price of \$100 each. These cars to be junked and salvaged, either by already organized salvage yards, or handled as a W. P. A. project (creating labor); but in any event, the cars will be junked and dismantled under government supervision to be sure that they are taken from future service. All cars to be junked to be purchased from authorized dealers only, and as the plan is to eliminate unsafe cars from the highway and to be used as an immediate stimulation ~~to~~ business, they must have been traded in to a dealer for a better used car or a new car.

In order to expedite the sale of new and used cars, and to get the program under way quickly, this offer of \$100 for any used runnable car should be confined to a six months or eight months period unless proved worthy of an extension.

From the 2,000,000 cars junked and salvaged the government should recover approximately \$500,000,000. One million junked cars should return \$20.00 each

3/8/38

Mr. James Roosevelt

average, and the other million approximately \$30.00 each average, as many of these cars would be comparatively late models. Then, leaving \$150,000,000 to be under written, one-half by the United States government, and one-half by manufacturers and dealers. The manufacturer to remit to the government the sum of \$10.00 per new car unit until the \$75,000,000 is repaid; the manufacturers in turn to charge the dealers \$5.00 per new car unit on each invoice. This amount not to be added to retail price.

With return to normal production this amount should be repaid from two to two and one-half years. It should be an instant and sure fire starter for one of the most important businesses in the country.

The government would benefit through collection of excise tax from an increased production, and less relief expenditures. The manufacturers would benefit from busy factories, and the dealers need sales now to carry overhead.

Many dealers would junk cars costing them \$150, considering it wise to take the \$100 cash and save reconditioning and selling costs. For this six months period many dealers would allow \$150 for any runnable car, which would make a substantial down payment on a 1935 and 1936 model, and points close to the factory \$150 would make a down payment on a new car.

The public never junk automobiles. All cars are junked by dealers, but dealers are forced to pay high prices to get these runnable but obsolete cars from the owner's hands, and then frantically try to patch up the car and resell it to come out even in some manner, thereby returning the car to channels of transportation.

Due to improved designs and so forth, the automobile mortality has been lengthened, and some drastic means of this nature must be employed to take them from owners' use quickly and fairly. An offer of \$100 to \$150 on these cars would do the trick, and be a tremendous stimulant to business.

Every safety league and highway patrol in the United States would get behind this program; every newspaper would be behind this program, playing it up from the safety measure. I am confident that this idea would be adopted as a permanent program, providing a safety valve for automobile production and providing the means of ridding the highways from unsafe cars. It would be a difficult and slow process to legislate unsafe cars off the highway and legislation would not provide the means for the owners to purchase a better car.

I can see tremendous possibilities in this plan, and am sure that an ultimate expenditure of \$75,000,000 by the United States government would start the greatest buying urge in automobile history. I have talked to many automobile men and all those that I have contacted enthusiastically endorsed this idea, and am sure that it would have the endorsement of the National Automobile Dealers Association as well as the National Automobile Manufacturers Association.

Your obedient servant,

Fred A. Carlson

Federal Reserve Bank of St. Louis
Board of Governors

MAR 11 1938

Chairman
RECEIVED