

December 29, 1938.

Mr. Otto T. Mallery,
1427 Spruce Street,
Philadelphia, Pennsylvania.

Dear Mr. Mallery:

This is to thank you for your letter of December 27th and its very heartening references to my recent letter to Senator Byrd.

I had an opportunity to see the volume, "Toward Full Employment", in manuscript form and while it was in preparation and I am, of course, very glad that it has been published because it is, to my mind, an exposition that should help to clear the thinking of a great many others in the business and banking world.

I am glad you reminded me of the I.L.O. bulletin with regard to the Swedish tax policy towards corporation profits devoted to capital improvement in depressed periods. That general idea accords with one which I tried unsuccessfully to get across before Congress put through the tax bill last spring. In testifying before the Senate Special Committee to Investigate Unemployment and Relief on January 4th, I very strongly urged that instead of repealing the undistributed profits tax consideration should be given to exempting such funds as were devoted to plant improvement or expansion for a period of possibly from two to three years or until we had reached a reasonably full degree of recovery.

I am pleased to know that Mr. Delano has appointed you to the subcommittee on public works planning, and if I can possibly arrange it, I should be happy to see you, as you suggest, either at four o'clock on the afternoon of January 16th or the following morning. Will you please communicate with my office at your convenience after you arrive and at that time my secretary can let you know definitely. In the meantime

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I will put it down tentatively for four p.m. on January 16th in accordance with your suggestion.

Sincerely yours,

M. S. Eccles,
Chairman.



ET:b



COMMONWEALTH OF PENNSYLVANIA
STATE PLANNING BOARD
HARRISBURG

1427 Spruce Street
Philadelphia, Pa.
December 27, 1938

Mariner C. Eccles, Chairman
Board of Governors
Federal Reserve Bank
Washington, D. C.

My dear Mr. Eccles:

Congratulations on your open letter to Senator Glass. It is a fine piece of exposition and a valuable public document.

Since I met you at your house several years ago with the group whom I think Lubin had suggested to you, much progress has been made in the conception of public works planning we discussed.

Have you seen "Toward Full Employment" by Dennison, Leeds, and Flanders, published by Whittlesey House? This covers the fiscal aspect of public works planning and is a sound book.

The International Labor Organization's bulletin recently described the Swedish plan of making tax free the profits of corporations to the extent that they were laid aside for expenditure for capital improvement during periods chosen by the government as periods nearest the trough of the business cycle.

Mr. Delano has just appointed me on a subcommittee of the National Resources Committee composed of representatives from a number of government departments including the budget. The purpose of this committee is public works planning in its largest aspect. The first meeting of this committee is in Washington on Monday, January 16th, at 9:30 a. m. Would you be good enough to make an appointment with me around four o'clock that afternoon or early the following morning, January 17th?

Sincerely yours

Otto T. Mallery:V