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San Francisco 1/27/34

Dear Mr Eccles,

Your antidote for hard times seems to be to spend, and keep spending public funds, as I get it, from <sup>your</sup> recent Radio speech.

Fine, for temporary alleviation. But what we want is more encouragement for all kinds of business, both large & small; and a permanent prosperity.

The three or four paragraphs enclosed herewith, if carefully pursued might give a fair straight thinking minded man a real clue to move upon for general prosperity. Why not forget politics, and admit past errors?

Respectfully  
L. H. Peter

# The Cleveland BUSINESS

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**T**HE President said in his message on the state of the Union that we ought to have an annual national income of at least 80 billion dollars. That is by no means an excessive aspiration. We had a national income of about 80 billions in 1929, and now we have nine million more people in our population than we had then. In order to have a national income of 80 billion dollars we should have to do about five-fourths as much business as we did in 1937, and that ought not to be too difficult an achievement.

There is nothing at all to prevent us from doing five-fourths as much business as we did in 1937 except the relative unattractiveness of taking business risks. For many years before 1929 about 60 percent of all corporations doing business made profits. Since 1930 that proportion has been cut in two, and only about 30 percent of the firms in business have made profits. If the prospects for profits could be restored to about their old proportions we could produce a national income of 80 billions with easy promptness.

If business men had a high degree of confidence in the future they would base their policies on long-term expectations. They would erect new factories and build additions, and then they would equip them with new machinery. They would produce the new products that have been developed in the depression years. They would open new agencies, hire more workers, spend more for advertising, and do the other things that characterize expanding enterprise. They would do them if they thought they could afford to take present risks in the hope of making future gains, and if they believed they would be allowed to keep a reasonable part of the gains if they should succeed in making them.

An 80 billion dollar national income depends on the expansion of business spending which tends to be self perpetuating, and not on increased federal emergency spending which has to be self terminating. The means available for inducing increased business spending are many and varied, but they are all related to one simple controlling factor. That one central control is the attitude of the federal government toward business profits.