

December 2, 1944.

Mr. Ralph E. Flanders, President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Ralph:

Your secretary kindly sent me a copy of your address on Taxes, Public Expenditures, and Incentives to Private Enterprise, which I have read with a great deal of interest. As you may have noted from the talk I gave before the National Industrial Conference Board, there is no fundamental difference in the approach we are both making to some of these problems.

I do think, however, that the estimates of postwar budgets which the CED is using are too small. As I told B. Ruml in commenting on a talk of his, the estimate of \$18 billions which he used strikes me as at least \$7 billions under the probable mark. I notice you mention \$17 to \$19-1/2 billions, exclusive of social security taxes, and that you concede that the figures are on the low side compared with many estimates. However, I liked very much what you had to say about the use of the tax instrument and the importance of maintaining high national income and substantially full employment.

The educational value of talks like this cannot be overstated, in my opinion.

With best regards,

Sincerely yours,

ET:b