

Princebay, Staten Island, N.Y., Jan 30, 1937

Mr Marriner S. Eccles,
Chairman , Federal Reserve Board ,
Washington , D.C.

Dear Sir:-

Having just read your remarks before the New England Bank Management Council at Boston on November 13, I am tempted to write you an appreciation of what seems to me to be a very excellent and inspiring piece of work. Of course, my opinion is of no interest or consequence, for I am not a banker ; merely a former financial writer for newspapers now out of a job but still interested and concerned with what is transpiring in our economic and financial problems . It is just possible that you might like to learn how your remarks impressed an "outsider."

Some of the ^h things you said reconciled me to accept with better grace and more approval some of the steps that have been taken by the Government- changes which upset and threw out of the window some of the old , conservative notions we had been taught. I am thinking specifically of the strenuous opposition that was made to the taxation of corporate surpluses . It has been made to appear a dangerous step toward the dissipation of reserves ; yet I believe now you are right in pointing out that they should have been used to increase consumers' purchasing power , instead of fattening foreign loans and stock market speculation.

It appears , looking backward, that stinginess and greed on the part of those profiting most generously from our prosperity contributed potently to plunge us into distress . It is evident that some of those profits, a larger part, should have been distributed to the people to enable them to supply their needs and so stimulate further production.

I have heard bank presidents talk about "maldistribution" as one potent cause of the great depression but I never saw any of them try to correct it - and I recall particularly remarks of the president of one of the largest of New York's great banks . In the nadir of the depression they not only did not know what to do but they resisted these things that were done to lift the country to a higher level of prosperity. They were shocked and alarmed by many of the steps the Government has taken- and I also was shocked , surprised and puzzled- by the Government's seizure of gold, of control of the Federal Reserve Banking system, expansion of the basis of credit.

It seems that we become hidebound by traditions and cannot recognize the road out until wiser leaders not only show the way but lead us out . There is a great inertia to be overcome by daring men, a heavy resistance to be overcome . Your talk at Boston ought to contribute to enlisting the bankers to stop resisting and put their shoulders to the wheel , to collaborate .

Undoubtedly the movement of foreign funds into and out of our financial and securities markets ought somehow to be regulated , controlled . It has made plenty of trouble and will continue to do so unless restricted . There is resistance to overcome there , also.

The wider the distribution of such an analysis and challenge as yours , the better it will be for the country. It seems too bad if it were limited only to bankers. All thinking people should hear it . I thank you .

Very truly yours,

Pierce O. Wotton

5806 Amboy Road,
Princebay, Staten Island, N.Y.

February 11, 1937.

Mr. Pierce O. Wootton,
5806 Amboy Road,
Princebay,
Staten Island, New York.

Dear Mr. Wootton:

Chairman Eccles requested me to acknowledge your letter of January 30th which he read with much interest and particular appreciation of your present viewpoint with regard to taxation of corporate surpluses.

It is most gratifying to receive a letter such as yours which recognizes how much inertia has to be overcome and how difficult it is to gain a general understanding by the banking and business world of various measures undertaken for the purpose of rectifying what are considered to be defects in the functioning of the economic system. It is especially encouraging to hear from one who has specialized as a financial writer and therefore has a broad background and understanding.

Very truly yours,

Elliott Thurston
Special Assistant
to the Chairman.

ET:b