

6711 Avenue-J-Houston Texas.

November 13 1939.

Honorable Marriner S. Eccles,
Washington D.C.

Dear Sir:

After reading the news reports of your suggestions in St Louis speech Nov. 9th. for adjusting TAXATIONS, I agree with your desire to secure "A BROADER TAX BASE" but disagree with ANY SUGGESTIONS FOR PUNATIVE LEVIES. That is ROBBING THE ROBBERS or EXPLOITERS without eliminating their ability or opportunities to continue their exploitations. Our LABOR UNION LEADERS now claim at least \$2,500.00 a year is necessary to provide family necesssities. We can never have PERMANENT PROSPERITY until LIVING COSTS ARE STABILIZED and thereby stabilize WAGE DEMANDS and by substituting a TAX BASED UPON "RECEIPTS OF MONEY" for the numerous levies we now have, ENABLE EACH COMPETITOR to more accurately figure his FUTURE OVERHEADS. "RECEIPTS OF MONEY" being used in place of GROSS BUSINESS to provide for CREDIT TRANSACTIONS which do not CREATE ABILITY TO PAY UNTIL CASH IS RECEIVED (if ever). EXISTING ACCUMULATIONS have been secured LEGALLY. Our failure to establish proper adjustments enabled these EXPLOITATIONS. This has caused foreclosures and fofeitures until 75% of our families do not own a farm or home and do not have any savings for future emergencies. TO RECTIFY this WRONG, it is now necessary that EVERY LEVY UPON THE THINGS OUR FAMILIES must use or consume, be eliminated and that each inhabitant be exempted from the SUBSTITUTED LEVY UPON "RECEIPTS OF MONEY" up to an amount to balance family needs. I suggest \$2,000.00 a year instead of GREENS \$2,500. We have become as individual a NATION OF SPECIALISTS and our NATIONAL LEADERS disregard STATE AND LOCAL TAXES in considering the ability of individuals to pay. ECONOMICALLY CONSIDERED, when a family buys a product of another SECTION, STATE or even COMMUNITY, they are benefitted by the local taxes paid by the ACTIVITIES they help to maintain, no more than if they bought A FOREIGN PRODUCT. This creates SECTIONALISM and leads to boycotts and LOCAL AND STATE LEVIES WHICH ARE INDIRECTLY TARIFFS in RESTRAINT OF INTERSTATE COMMERCE.

UNDER OUR FORM OF GOVERNMENT each and every child is entitled to an equal educational opportunity, under existing TAX SYSTEMS, their educational opportunities depend largely upon the ASSESSED VALUES OF THE DISTRICT IN WHICH THEY HAPPEN TO LIVE. The ability of the parents to properly raise them also DEPENDS UPON THE PROSPERITY OF THE SECTION IN WHICH THEY LIVE. YET-- MOST OF OUR CHILDREN will eventually become the employes of some CORPORATION and their worth to these employers (even if governmental agencies) are affected by the amounts expended by the parents for their raising and education. OUR CENTRALIZATIONS, MASS PRODUCTIONS and INTERSTATE NATURE OF MOST OF OUR PROFITABLE ACTIVITIES OPERATIONS, the STATES can now EQUITABLY REACH even those large activities located within their jurisdiction as ADEQUATE LEVIES would provide an advantage for their competitors located elsewhere and they would likely FORCE THEIR REMOVAL OR CURTAIL THEIR BUSINESS AND BY REDUCING EMPLOYMENT INCREASE LOCAL DESTITUTIONS.

The FEAR OF HAVING LOCAL ASSESSED VALUES REDUCED, is the cause of most of the objections to NATIONAL PROJECTS, CONTROL OF NATURAL RESOURCES, POWER DEVELOPMENT REFORESTATIONS and many improvement which would be beneficial to the GENERAL WELFARE. There is only one thing which can be used to pay taxes. Payments can be continuously made without injury, ONLY, if the payments are made by the RECEIVERS OF MONIES and paid as the ABILITY TO PAY IS CREATED. INDIRECTLY we attempt to base taxes upon what the things levied against will bring in. EQUITABLY CONSIDERED, this impossible as what may amount to or provide ONLY ABSOLUTE LIVING EXPENSES to one may be used by others to secure an accumulation or net profit. We make an allowance for overheads and add a reasonable amount for INTEREST ON INVESTMENT and profit when CONSIDERING INDUSTRIES AND BUSINESSES but fail to realize that for ten years, 80% of our families have operated at a loss as proven by their having lost their farms and homes and are now pledging their future earnings for food and conveniences. This is DESTROYING OUR FUTURE TOTAL PURCHASING POWER and increasing destitutions and FORCING SOME AGENCY to PAY OUT even more money than was secured by the levies which caused the destitutions.

That is not operating economically.

"NET PROFITS" is generally considered as an EQUITABLE TAX BASE. That is only TEMPORARILY TRUE. On account of the practices of many, to SELL AT OR BELOW COST, USE EXTRAVAGANT ADVERTISING CAMPAIGNS and secure BUSINESS while reducing or eliminating their NET PROFITS and at the same time reducing the business of all others engaged in the same lines, and thus DESTROYING THEIR NET PROFITS and curtailing NET PROFIT TAXES TOTALS SECURED UNDER SUCH A TAX. This SYSTEM forces mergers and enables LARGE CORPORATIONS to SECURE MONOPOLIES. Were if each was taxed in exact proportion to business secured and EXISTING LEVIES ELIMINATED, those USING SUCH POLICIES would only INCREASE THEIR TAXATIONS and would not so easily ruin their competitors. ONLY CONGRESS CAN NOT ADJUST OUR ECONOMICAL CONDITIONS. While it is advisable to provide equal opportunities among the EXPLOITERS, THAT ALONE WILL NOT SOLVE THE PROBLEM. MY SUGGESTION IS-- CONGRESS levy a 5% tax upon "RECEIPTS OF MONEY" regardless of how secured, BY WHOM, thru what agencies or for WHAT PURPOSES. Include an individual exemption to every inhabitant up to \$2,000. a year to balance necessary family living costs which are not now BORNE BY THEIR CORPORATION COMPETITORS. DIVIDE 40% of the TOTAL SECURED thru the 5% TAX among the STATES in proportion to populations, to be used by the states thru prorrations, to absorb or eliminate all the existing levies for ALL STATE, COUNTY AND SCHOOL PURPOSES. Judging by BANK CLEARANCES and other reports, this could be done and still most states would have a balance in cash sufficient to care for their own aged, destitute and afflicted and return this duty to those best able to perform it. OUR LEGITIMATE ACTIVITIES now claim to be paying from 15 to 35% of their GROSS RECEIPTS FOR TAXES, those which would be eliminated amount to at least 10% and those NOW PAYING would be saved money by the SUBSTITUTION while those now avoiding most all local levies and reducing their U.S. NET INCOME TAXES by SQUANDERING THEIR PROFITS, would all be reached and at least 50% of our TOTAL REVENUE would be secured from those who now avoid the payment of their just proportion altho securing more than their just proportion of business. If there is a legitimately competitive, useful activity in Texas which would be injured by such changes, I CAN NOT LOCATE IT.

The eliminations and the individual exemption would save the average sized family at least \$350.00 a year and 75% of them would spend this saving for family needs. The 60% retained by the U.S. would actually BALANCE THE BUDGET and still leave ample CASH with which CONGRESS could combine the PROJECTS it now deems WORTH and provide employment at living wages for all SURPLUS EMPLOYABLES. DIRECTLY and INDIRECTLY this should INCREASE CONSUMPTION AND PRODUCTION in most every useful line. GRADUALLY OUR LEGITIMATE ACTIVITIES could absorb most of the GOVERNMENT WORKERS and the ABILITY OF INDIVIDUAL to buy a farm or home and pay for it while raising and educating a family, WOULD REMOVE 10 MILLION WOMEN FROM OUR WORKERS RANKS and the INCREASED TOTAL PURCHASING POWER should maintain consumption to where our ECONOMICAL CONDITION WOULD BE PERMANENTLY STABILIZED and eventually the 5% TAX RATE could be reduced or the SURPLUS TOGETHER WITH OUR TARIFFS and INTERNAL REVENUES applied on our NATIONAL OBLIGATIONS and our ANNUAL BUDGET RECKED. TECHNICALLY OUR BANKING INTERESTS DEPEND upon the DIFFICULTIES of OTHERS to secure their INTEREST PAYMENTS. YET-- It is now necessary to CURTAIL CREDIT INFLATIONS and there will always be INDIVIDUALS AND CONCERNS willing to go into debt and take a chance on their ability to make profits, to provide maintenance of our financial institutions. It is the FIRST DUTY OF EVERY GOVERNMENT to enable its citizens or families to provide for themselves. UNCONSCIOUSLY we have substituted the WELFARE OF CORPORATIONS for the welfare of our FAMILIES. Enable our INDUSTRIUS CITIZENS to own farms and homes and secure a living by their own labors and we will have a more patriotic citizenry. FARM AND HOME OWNERS making a living are not THOSE WHO JOIN OUR ISMS or follow our AGITATORS. CONGRESS has constantly increased its aids to sections, occupations and individuals and there seems to be an increasing demand for such payments. MIGHT AS WELL GO ALL THE WAY and SECURE ADEQUATE FUNDS under an equitable levy and the constant LEGISLATIVE SQUABBLES by TURNING OVER to the STATES and local agencies those things which they can best REGULATE AND CONTROL and by REMOVING their FEAR OF HAVING ASSESSED VALUES REDUCED, secure their co-operation in turning over to CONGRESS those things which they now realize they are unable to

take care of equitably. IF WE ARE ONE FAMILY IN COMMERCE we should be ONE FAMILY IN sharing the benefits provided by the tax payments from every activity in the U.S. We can not have equal taxations with a thousand taxing agencies.

COMPETITORS located in different sections can not have an equal opportunity unless they pay the same taxes and those taxes are based upon the BUSINESS SECURED BY EACH. The speculative value of property does not affect its PRODUCTION. The speculative value of a home does not change its ACTUAL, USEFULNESS AS A HOME. PRICES, ASSESSED VALUES, LIVING COSTS and INCOME are all comparative.

We have tried PYRAMIDING COSTS AT EVERY STEP clear up to consumption or exportations. We should know that it has failed. We should now try to REDUCE COSTS at every step and BY RESERVING the first receipts of every family up to \$2,000.

a year, for family needs prevent INCREASES IN PRODUCTIONS on our farms and by STABILIZING FOOD COSTS, stabilize WAGE DEMANDS and thus enable CONGRESS to

block PYRAMIDINGS BY SPECULATORS even in time of war or disaster.

Your questions, criticisms and suggestions will be appreciated. I am not interested in any particular line or activity and my sole desire is to SECURE MEASURES which will perpetuate our form of goverment and enable FUTURE GENERATIONS to provide for themselves without subsidies or charities.

Yours truly,

6711 Ave-J-Houston Texas.

Morell Tomlin.

November 17, 1939.

Mr. Morell Tomlin,
6711 Avenue J,
Houston, Texas.

My dear Mr. Tomlin:

On behalf of Chairman Eccles, who is temporarily absent in the West, I wish to acknowledge receipt of and to thank you for your letter of November 13.

Very truly yours,

Elliott Thurston,
Special Assistant
to the Chairman.

ET:b