

THE WALTER GUTMAN COMPANY
INCORPORATED
26 JONES STREET
NEW YORK

CHelsea 2-3913

Marriner S. Eccles
Federal Reserve Board
Washington D.C.

Dear sir:

I have just read your article on economic problems for Defense and Post Defense problems in the current BULLETIN. May I say that to me it is one of the most lucid and intelligent treatments of general economic problems I have read. I like particularly the way you take the bull by the horns in saying "it would be tragically ironic if we, as a nation, solved the ^{problem of} unemployment by making instruments of destruction, but were unable to maintain employment by making things of peace". I have thought often during the "depressed" years which preceeded the war how easily many problems would be resolved if we like children could pretend; if we could prented we were at war and go at certain things such as roads, hospitals etc. in the whole hearted united way we traditionally tackle war matters. I hope you will draw such deadly parallels again and again.

One of your specific proposals was not from its wording quite clear to me. You say beginning the bottem of page 17

"The excess profits tax, which is clearly inadequate, should be revised to apply to all earnings above a certain ceiling, say, of 10 percent of invested capital". Do you mean the tax should take all or a major percentage of such profits?

Thanking you for the trouble of answering my question, I am

Sincerely yours



Walter K. Gutman

January 13th 1941

January 18, 1949.

Mr. Walter K. Gutman,
The Walter Gutman Company, Inc.,
26 Jones Street,
New York City.

Dear Mr. Gutman:

Your letter of January 13 was of particular interest to me because you so well express the irony of our willingness to use all our productive effort to make the things of war but not to make the things of peace.

with regard to your question about the excess profits tax, I meant that the tax should take all profits above a given percentage of return on invested capital with such exceptions as may be necessary as a matter of equity or to stimulate new business. I can see no justification for permitting excessive corporate profits or excessive profits for some of our people while others are called upon to make great sacrifices in our defense effort.

Let me say again that I appreciated your letter and your thoughtfulness in writing to me.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b