

UNIVERSITY OF WASHINGTON  
COLLEGE OF ECONOMICS AND BUSINESS  
SEATTLE

July 22, 1941

Honorable Marriner Eccles  
Chairman, Board of Governors  
Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

A few days ago I suggested to Professor Blakey of the University of Minnesota, who is chairman of the program committee of the National Tax Association, that he invite you to address that outfit at its annual convention in St. Paul on the subject of defense financing. I truly hope that you can see your way clear to do this. The Association will hold its convention October 13 to 16. I am not sure as to the exact time Blakey will ask you to speak but I am quite sure that if one day is not convenient he would be happy to rearrange the program to suit your needs.

In order that you may be in a position to appraise this invitation let me say a few words about the National Tax Association. It is a professional group composed of state and local tax officials, tax attorneys, college professors, and students of taxation. It has been running for over thirty years and has one of the most successful conventions in the country. Meetings range from six hundred to a thousand people. It provides the best forum for the discussion of tax problems anywhere in the country and enables one to reach the key financial officers of most of the states.

I think this latter point is particularly important because too little consideration has been given in the past by Federal officers to the effects of state and local finances. At no time during the period from 1933 to date has a conference of state and local officers with Federal officials been held. The result is quite clear. State and local officers during the depression balanced their budgets, and if you will look at the figures for public construction you will see that all the Federal spending during the period from 1933-38 did little more than offset the shrinkage in the state, local sphere. It is true, of course, that many of the states could not with safety unbalance their budgets, but certainly the extent of the liquidation which took place here could have been minimized. Similarly, in the defense period competition between the states and the Federal government can be reduced, and I am sure that many of the states will be glad to do what they can to implement or at least keep out of the way of the Federal program.

What you have been saying about defense finances is just what these tax officials and others ought to hear. I know it is asking a

Marriner Eccles

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July 22, 1941

lot of you to go out to St. Paul to say it, but this will provide a new case and a new focus for the discussion, and the problem will be quite as important in October as it is now in view of the way the Ways and Means Committee seems to be shaping the present tax bill.

I can think of a lot more arguments on the point, but if I write too much I know you will not have time to read this letter and it is already too long. I can only add that I would not have made this suggestion or tried to get you into this had I not thought that from your own point of view, that of the Federal Reserve System, and the country as a whole it was important.

With highest esteem and personal regard, I am

Yours sincerely,

  
Simeon E. Leland

SEL/ml

*I am spending a few weeks out here this summer.*

July 29, 1941.

Dr. Simeon E. Leland,  
College of Economics and Business,  
University of Washington,  
Seattle, Washington.

Dear Dr. Leland:

This is to thank you for your letter of July 22 with regard to the convention of the National Tax Association to be held in St. Paul from October 13 to 16.

Dr. Blakey, who, as you know, is Chairman of the Program Committee, wrote me on July 18 inviting me to address the session on October 14 which is to be held at the University of Minnesota and is to be devoted to a discussion of national defense financing. I replied to him that if it would not inconvenience him in any way, I would accept tentatively subject to confirmation a little later on when I can be more certain than I am now of being able to attend. John Peyton also wrote me about the meeting and I advised him similarly.

Your thoughtful and informative letter predisposes me still further to be present if I can possibly arrange it. I recognize the importance of this meeting and the fact that it brings together a representative group who should be influential in the various states in helping to form policies that are economically sound and integrated with Government policy and action. I appreciate your interest and courtesy in giving me the benefit of your views as well as your pertinent observations on the importance of coordinating State and Federal policy.

with kindest personal regards,

Sincerely yours,

M. S. Eccles,  
Chairman.

ET:b

UNIVERSITY OF WASHINGTON  
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SEATTLE

August 6, 1941

Mr. M. S. Eccles, Chairman  
Board of Governors  
Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

I am certainly gratified to learn that there is a chance that you will address the meeting of the National Tax Association in St. Paul in October. I do hope that nothing will conflict with your ability to do this.

I really believe that it is important to get the chief fiscal officers of the states informed as to sound economic and fiscal policies and knowing what your views are as to these I think you are just the person to do it. If you can come we shall make every effort to make this an outstanding affair and to provide as large an audience by radio and otherwise as is possible for the occasion. I am going to write both Blakey and Peyton about this. Believe me, I greatly appreciate your letter of the 29th.

With kindest personal regards, I am

Sincerely yours,



Simeon E. Leland

SEL/ml

September 9, 1941.

Dr. Simeon E. Leland,  
Professor of Economics,  
University of Chicago,  
Chicago, Illinois.

Dear Dr. Leland:

Just before leaving for Utah on a belated vacation, the Chairman asked me if I would write you a line to impose upon your good nature sufficiently to induce you to outline what you thought would be appropriate for the address he has agreed to make at the National Tax Association Convention on October 14.

This is something of a task, I know, but he felt you could just note down topically some of the major points that you feel should be dealt with and perhaps amplify it a little with your own viewpoint. He will have to begin very shortly preparation of this address, and I need not tell you he would greatly appreciate any suggestions that you can make.

Sincerely yours,

Elliott Thurston,  
Special Assistant  
to the Chairman.

ET:b



# The University of Chicago

Department of Economics

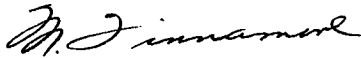
Air Mail  
September 12, 1941

Mr. Elliott Thurston  
Special Assistant to the Chairman  
Board of Governors  
Federal Reserve System  
Washington, D. C.

Dear Mr. Thurston:

Your letter of September 9th has been received in Professor Leland's absence. He is at this time in California and on the chance that I could reach him I made a copy of your letter and forwarded it to him at the following address: c/o V. H. Matthews, P.O. Box 593, R.F.D. No. 3, San Jose, California. He is driving back to Chicago and expects to arrive here about September 20th.

Sincerely yours,



M. Finnamore  
Secretary

MF:FB

TELEGRAM  
Board of Governors  
of the  
Federal Reserve System  
Leased Wire Service  
Received at Washington, D. C.

1941 SEP 18 PM 12 48

W93WASH G223 CGO 18-1239

ECCLES

LETTER OF SEPTEMBER NINTH RECEIVED THIS MORNING AFTER SEVERAL  
FORWARDINGS. WILL PREPARE OUTLINE WITHIN NEXT FEW DAYS OR SOONER  
IF POSSIBLE. REGARDS

LELAND.

# The University of Chicago

Department of Economics

September 25, 1941

Mr. Marriner S. Eccles  
Chairman, Board of Governors of the Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

I am enclosing herewith some suggestions for your St. Paul address. I trust that they are in time to be of some service to you in connection with its preparation.

In making the outline, I have attempted to keep it as brief as possible and to refer as frequently as I could to your own writings. You will see throughout numerous references to them. This was quite easy because your own views and mine coincide so much that citation was an easy matter. In my own writings, I have frequently referred, too, to what you have said.

Perhaps it may strike you that I have not indicated much that is strictly new. At the moment I find it quite difficult to say anything new about the fundamental philosophy of financing the defense program. There are some matters of detail that are continually changing, but these seem to fit within the general framework. If I have not made my notions clear, I will be glad to expand them as far as I can.

One point in the memorandum may be worth emphasizing here. It has to do with the use of excise taxes. It seems to me that too many of these present excises were devised with a view to raising revenue, whereas they should be used primarily to help control consumption and to make more effective the system of priorities and even price controls. Of course this does not apply to some of the well-known excises, such as liquor, tobacco and gasoline, which are substantial revenue producers. They have been adjuncts of the Federal revenue system for years and should be excepted. Many other commodities singled out for taxation will not produce much revenue, will only irritate the citizens and will contribute nothing to consumption control. The list of excises should be purged. Negligible revenue producers should be dropped unless they supplement the price-priority mechanism. Others should be added with this in view. As certain commodities become scarce profit possibilities from trade in them increases. Such aleatory gains should be heavily penalized, perhaps through excess profits taxes specially devised to recapture such profits, or by the use of trading licenses or special income taxes with similar objective. These tools would help make effective the price-priority controls. This use of the taxing power becomes more important



Mr. Marriner S. Ecoles, September 25, 1941

Page 2.

as certain commodities become scarce and as the priority system affects an increasing number of goods.

I hope that my comments are not too long or too laborious or too late. It was really a pleasure to do this. I am glad you have given me an opportunity to be of some service.

Sincerely,

A handwritten signature in cursive script, reading "Simeon E. Leland". The signature is written in dark ink and is positioned above the printed name.

Simeon E. Leland

SEL-W  
Encl.

October 3, 1941.

Mr. Simeon E. Leland,  
Department of Economics,  
The University of Chicago,  
Chicago, Illinois.

Dear Mr. Leland:

I have your letter of September 25, and  
I am very grateful to you for taking so much time and  
trouble to give me the outline for my St. Paul address.

You have very comprehensively sketched in  
the whole picture in a most orderly sequence. It will  
be a real help to me, and I can only say that I did not  
mean to impose such a task upon you, but I deeply  
appreciate your help.

Sincerely yours,

M. S. Eccles,  
Chairman.

ET cm

# The University of Chicago

Department of Economics

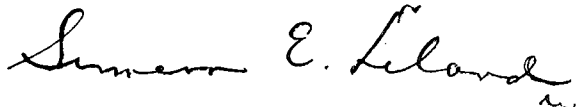
September 25, 1941

Mr. Marriner S. Eccles  
Chairman  
Board of Governors of the Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

Under separate cover, I am sending you a couple  
of things I have written on defense financing  
in the hope that they may be of interest to  
you.

Sincerely,

A handwritten signature in cursive script that reads "Simeon E. Leland". The signature is written in dark ink and is positioned to the right of the typed name.

SEL-W

Simeon E. Leland

September 27, 1941.

Dear Dr. Leland:

On behalf of the Chairman, I want to thank you for sending your articles, which arrived under separate cover and will, I know, be most useful to him in connection with the speech which he is preparing.

Sincerely yours,

(Signed) Elliott Thurston

Dr. Simeon E. Leland,  
Department of Economics,  
The University of Chicago,  
Chicago, Illinois.

ET:b