

January 23, 1942.

Mr. John W. Owens,
Editor-in-Chief of the SunPapers,
Baltimore, Maryland.

Dear John:

Your last Sunday's edition of the Sun carried the attached editorial, which, as I discovered about a half a century ago, exemplifies the necessary but unfortunate editorial practice of basing essays on news stories. At least I cannot otherwise account for the assumption herein that Mr. Eccles opposed reduction of nonessential expenditures.

I enclose a copy of the text of his talk before the Mayors and I have ventured to mark in red pencil the portions which would run counter to the attitude attributed to Mr. Eccles. Aside from avoiding all nonessential expenditures, both Federal and State, he would not, of course, agree with Doughton about reducing State and local taxation at this time inasmuch as that would negative the anti-inflationary effects sought incidentally in Federal taxation. Or, to put it another way, to the extent that local taxation -- and it used to bulk larger than Federal -- is reduced and pressure thereby lifted on consumer purchasing, the Federal Government would have to increase its taxation to make up for it. It may be that local communities would continue to be extravagant and use surpluses for political and other nonessential purposes, but that does not invalidate the principle at stake, as I am confident you will agree.

There are some like my old friend Henry Grimes of the Wall Street Journal who would argue that taxation should not take account of economic effects but should be based exclusively on revenue principles. That is hardly a realistic or progressive viewpoint under modern conditions, though tenable enough in bygone days when Federal and, for that matter, local taxation did not loom so large as factors in the economic picture. But if account is to be taken of the economic effects -- and that is what this Government is doing in viewing taxation as the most effective anti-inflationary weapon, including social security taxation -- then it follows that there must be some intelligent coordinated action on the whole tax front. Indeed, Mr. Roosevelt made a special plea for that in his Budget Message.

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I venture to write because your page has always been accurate in reflecting what the Board here or the Chairman have proposed, even though you may have dissented from the proposals. In this instance, there appears to have been a misunderstanding of just what was proposed.

I do not know whether you visit this overrun town, but if you would come over to lunch some day I would very much like to have the Board members meet you. We are not very important or potent in the economic picture these days, except possibly in an advisory way, but you might take time out for lunch and see the real doers of things before and after.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,
Special Assistant
to the Chairman.

Enclosures 2

ET:b

File 54

THE



SUN

SUN SQUARE
BALTIMORE, MD.

January 24, 1942.

Dear Elliott:

Not by way of excuse, but by way of confession, I had not seen the editorial until I received your letter. I missed last Sunday's paper. However, I ought to add that in reading the news reports I did get the impression which guided the editorial writer. I have not had an opportunity to read the whole of Mr. Eccles' speech, *(Mayer's)* but I shall do so, and also will take it up with Newton Aiken, who, I think, wrote the piece.

I do not often get to Washington, but I hope to be over there within the next few days, and to give myself the pleasure of a few minutes with you.

Sincerely yours,

Ellen W. Owen

JWO:B.

Elliott Thurston, Esq.,
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