

INTERNATIONAL LADIES' GARMENT WORKERS' UNION

AMERICAN FEDERATION OF LABOR • 1710 BROADWAY • NEW YORK 19, N. Y.

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Feb. 6, 1945

Mr. Marriner S. Eccles
Bd. of Governors Federal Reserve System
Washington, D.C.

Dear Mr. Eccles:

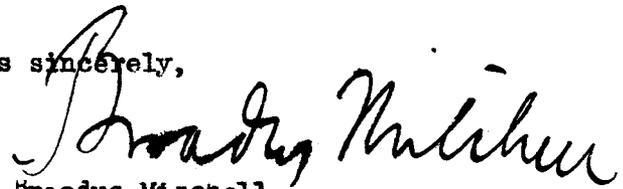
I have read with care your November address before the National Industrial Conference Board—"The Postwar Price Problem—Inflation or Deflation." Such a review, revealing the opinions and purposes of one in your position, is necessarily of the keenest interest and manifest importance to the country. I am puzzled because of the seeming contradiction in the whole piece. After citing the role of government in creating full employment, after ascribing to public effort the prosperity which we now enjoy, you go on to give as first objective of your program maintenance of full national production, etc., "through encouraging the expansion of private enterprise." You hasten on to say that "Modern governments...have long since assumed a primary responsibility for the economic guidance and progress of their peoples," and more to the same effect.

Further, you say at the end that our men overseas are "risking and losing everything to save this system of ours." I wonder whether private enterprise gulks so clearly or largely in their minds. Maybe their demands are the more fundamental ones of a decent income and a chance for their children.

If you will permit me to say so, I think you do yourself

an injustice. Your recognition of the responsibility of government is enlightened and holds hope. Your deference to private enterprise--which, by your own account, needs constant government inducement, support, protection--is out of keeping and unconvincing. How shall we get forward in America except as men of your experience, insight, and power, acknowledge that it is the engine which runs the car and not the back wheels?

Yours sincerely,

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

Broadus Mitchell
Director, Research Dept.

Dear Mr. Mitchell,

I thank you for your letter of February 6 and for the interest you have shown in my remarks.

~~What I have in mind~~ I agree with you that what our boys are most interested in is a decent income and a share for their children. That is what I should like to provide for them. It is my belief that, if the Government ^{will} play its proper role in ~~it~~ a functional way, that is, by proper fiscal, credit, and monetary policies, together with ~~the~~ necessary regulation, our economy is capable of giving the people what they should have and at the same time preserve our system of democratic government and private enterprise. Most of the people in this country want to preserve these institutions and in my judgement there is ~~no~~ no reason why ~~to~~ this should not, if properly managed, ~~there is anything~~ this should interfere with ~~pro~~ the maximum possible freedom of private enterprise ~~under proper regulation~~ at any rate - I am convinced that it is worth trying.

Sincerely yours,

M. S. E.

Received in
Chairman's Office

FEB 8 1945

Board of Governors
of the
Federal Reserve System

February 10, 1945.

Mr. Broadus Mitchell,
Director, Research Department,
International Ladies' Garment
Workers' Union,
1710 Broadway,
New York 19, New York.

Dear Mr. Mitchell:

This is to thank you for your letter of February 6 with regard to my talk before the National Industrial Conference Board. You and I would agree entirely that what our men overseas are most interested in is a decent income and a chance for their children. We would manifestly disagree completely on how this is to be accomplished. My speech indicates how I think it can be done. Your letter indicates that you favor some form of totalitarian government — exactly what is not clear.

The engine of our economic system has been a profit-motive, private enterprise impulsión. You appear to think that this is just the back wheels. I am not at all convinced — quite the contrary — that our men overseas want to scrap that engine and that goes, in my opinion, for the overwhelming majority of our people. If it fails to work and produce the decent income and opportunity which we all desire, it will not be because it would not work if intelligently operated. It will not be because of any inherent economic fault or failure in a democratic free enterprise society.

Oddly enough, in the same mail that brought your letter I received one from a man in New York who enclosed an editorial from the Wall Street Journal, with which he appeared to agree entirely, upbraiding me for proposing a totalitarian state. You complain that I am not totalitarian enough. One of you is in error as to the meaning of my proposals. It is not you, however. You are quite right, and you are only puzzled, as you say, because you do not think a democratic enterprise system can be made to produce in peace as it does in war under the profit-motive impulse, with the Government's role one of coordinating, regulating, and supplementing private enterprise. My experience, which is long, and such insight as I have convince me that it can be made to work successfully.

Very truly yours,

M. S. Eccles,
Chairman.

ET:b