

542 Fifth Avenue,
New York, Feb. 7/45

Mr. Marriner Eccles,
Federal Reserve Board,
Washington, D.C.

Dear Sir:

I enclose an editorial from the Wall Street Journal of February 5th. to which you may wish to reply as you will note that they consider that your views are quite totalitarian.

If there is ever a "bloody revolution" in this country, as was predicted some time ago by Henry Wallace, it will be because of you and others like him trying to enforce your totalitarian views on this country.

Yours truly,

Howard W. Starr

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The citation for the original is:

Wall Street Journal, "The Compulsory State: The Implications of the 'Papa Knows Best' Theory,"
February 5, 1945, p. 6.

February 9, 1945.

Mr. Howard W. Starr,
542 Fifth Avenue,
New York City.

Dear Mr. Starr:

This is to acknowledge your letter of February 7 enclosing the editorial from the Wall Street Journal of February 5 criticizing the speech I delivered before the National Industrial Conference Board last November 16. As your letter and the conclusion you reach that my views are totalitarian seem to be based on this editorial rather than upon the speech itself, I am enclosing a copy of the text of that address. If, after reading it, you are still of the opinion that I am in favor of a totalitarian state, then I can only conclude that my ability to state my views is sadly deficient.

The entire purpose of that speech was, first, to state what the economic problems that lie ahead of us are and then to suggest what seem to me the most practical ways to deal with those problems. I would have supposed that any reasonably intelligent and fairminded reader of that speech would be able to see that my approach is, as it always has been, to propose measures and policies which will preserve the profit-motive, private enterprise system in a democratic form of government with a minimum of governmental action or, if you prefer, "interference".

The writer of this editorial and you, judged by your letter, seem to think that the choice today is between having the Government assume no, or certainly no major, responsibility for economic conditions and a degree of responsibility that would constitute or lead to totalitarianism. I do not see how anyone at all informed about national affairs today, including the platforms and programs of both major political parties, the size of the public debt, and the extent to which Congress has already enacted labor, agricultural, social security and other legislation directly affecting and intended to advance the economic welfare of large groups of population, can assume that the Government could or would revert to that degree of nonintervention which existed in the now distant past.

It is not a question of little or no intervention, but a question of how much and of what sort. I favor as much as seems to me not merely inevitable but necessary to give broad assurance that this country will not again experience such a destructive deflation as that of the early 30's or such an inflation -- which would inescapably be followed by a ruinous deflation -- as could result from failure to control the enormous inflationary forces created by the war and certain to extend into the transition period.

Mr. Howard W. Starr - (2)

February 9, 1945

I have always been and I still am in favor of such measures as will preserve and support the private enterprise, profit-motive democratic system. For that reason I never have and do not now advocate measures that would discourage or displace private production, industry, agriculture, banking, or other businesses. Anyone who took the trouble to look into my own record would see that one invariable criterion has characterized all the measures that I have proposed; namely, that they would support or, if necessary, supplement but never displace private enterprise.

Manifestly, if one makes bold to state what the problems are and what can be done to meet them, vital questions of judgment on which others may properly disagree are involved. I do not expect or desire to avoid searching and critical discussion. If my judgments are mistaken, no one could be more eager, for entirely selfish reasons, to find it out at the earliest possible moment. I am impatient, however, with unreasoning or emotional criticism that ignores the hard facts of the world as it is today, not as we might like to have it. And I am likewise impatient with editorial pronouncements such as the one you enclose, which dismiss the problems and the answers by the easy expedient of derogatory labels -- totalitarianism, regimentation, socialism, communism, etc., without offering any alternatives except a vague yearning for a return to conditions, economic and political, that no longer exist. I am not undertaking to prophecy what will happen, but I am not such a defeatist as to believe that it is necessary for us to lose our liberties and our economic and governmental system if we will face and solve our economic problems intelligently.

It so happens that at the same time I received your letter I had another one from the economist of one of the largest and most influential labor groups in the country who took me to task because, or so he contended, my proposals were all directed at preserving the private enterprise system instead of admitting that Government should take it over. The editorial and your letter, concluding that my views are totalitarian, and his letter, reproaching me because my views are not totalitarian at all, furnish an interesting contrast. One of you must be mistaken, and I do not think it is the labor economist.

Very truly yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b

542 Fifth Avenue,
New York, Feb. 19/45

Dear Mr. Eccles.

It was most polite of you to answer my letter of the 7th. instant at length in which I sent you an editorial from the Wall Street Journal appropriately entitled "Papa Knows Best" in which they criticized your "Postwar Price Problem" speech.

I sent you this editorial in the hope that you would write a reply to it to the Wall Street Journal. There is a very serious disunity in this country brought about by the differences between the New Deal Economists and the orthodox economists, such as the Economists National Committee On Monetary Policy to which I have been contributing for a number of years, which threatens the very existence of this country. You believe with the New Deal Economists, unless I am greatly mistaken, that you can "wangle" the law of Supply and Demand and other economic laws to produce any result you may wish for the purpose of redistributing the wealth, which is still your purpose as your party is dominated by labor and you propose to remain in power by submitting to the dictates of the C.I.O. although you pay lip service to the private enterprise system which brought about the enormous production for war, although you give most of the credit to the Government.

As long as you did not reply to the Wall Street Journal Editorial, I would like to have your permission to send them your letter to me of the 9th. instant, which I trust you will give me, as your letter was not marked confidential. Our differences should be debated in such public journals.

Very truly yours.

Howard W. Starr

February 22, 1945.

Mr. Howard W. Starr,
542 Fifth Avenue,
New York City.

Dear Mr. Starr:

While my letter to you of February 9 was not confidential, it was addressed to you and was not intended as a reply to the editorial in the Wall Street Journal. Accordingly, I would not wish to have my letter sent to the Wall Street Journal, nor would I consider it appropriate to undertake to debate any differences with you in a public journal.

Very truly yours,

M. S. Eccles,
Chairman.

ET:b