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January 20, 1942

My dear Marriner:

While under the influence of the outrage which was perpetrated against you this morning at breakfast, and at a time when my memory cannot possibly fail me, I wish to report to you a conversation I had with Phil Purcell.

Since we have no cook or maid, I sometimes take breakfast in Tom Sutton's and have the pleasure of meeting certain of our leading citizens with whom you are acquainted. Frequently Orval Adams, Phil Purcell, Walter Roche and others are sipping their coffee about the time I arrive. This morning Walter Roche alone was present but subsequently Phil Purcell came in and immediately asked me if I had read your speech delivered in New York. I told him I had read the account of it last night in the Salt Lake Telegram. Whereupon he said, "That is the worst yet. I never thought that he would be in favor of the Russians and their system." Phil then, by his language intimated that the only inference to be drawn from the speech was that you favored Communism as against the system we have enjoyed in this country. Needless to say, I took immediate exception to his remarks and said that anybody, upon reading the article must conclude that the thesis of your speech was a plea for cooperation with the government; that we should endure high taxes and subordinate profits to an all out defense effort and that you then drew an example when you said that the Russian morale probably would not have been so great had they been fighting for a profit motive rather than for home and country. To my amazement Phil produced last night's Telegram from his pocket and began to read. As I listened, I was more confirmed that ever in my view and once more threw it into him, but he was just as convinced as ever that the only inference to be drawn from your speech was as he had stated before. I have always liked Phil, but I am afraid that his judgment is terrifically warped and that he will carry that newspaper around with him today and point out to those who would like to believe as he does the false interpretation he has placed on your speech. I could not possibly change his view by the assertion that I knew positively that everything you have said or done was with a view to preserving as much as possible of the profit system. I think he is thoroughly convinced that you are a Communist.

I do not like to see these people place a false interpretation on your words and then gloat over them. Accordingly, I request you to send me a copy of your speech. In fact, I would

like a copy of all your speeches, as I have told you verbally, and as I have told Miss Egbert. There is no need in rising up in wrath against these ultra conservative people in Salt Lake, but I would like to have an opportunity to show them by unmistakable means how utterly in error they are when they broadcast any lie about you.

I have seen Bammy about her will and about the disposition of her house. Spence sent me a copy of the agreement, which indicates that your mother is entitled to draw \$1,000.00 a month. This does not accumulate as a credit to her account, but if she should not draw \$1,000 in any one month, she may draw in excess of \$1,000 in a subsequent month. When she dies, she apparently will have no credit and therefore no estate by reason of this contract. She may transfer her house to the Eccles Investment Company by sale or on contract. If she sold it, then upon her death, the proceeds of the sale, whether in the form of cash or credit, would be a part of her estate. If she transfers it on contract for the benefit of third parties, then I would say that the contract would not constitute a part of her estate, because it could be enforced by the third parties, namely her relatives. Such a transaction, however, may be construed as a gift or as a transfer in contemplation of death and be subject to tax. As soon as I have an opportunity, I will work out the detail and submit it to you. In any event, I think we will have to face the probability of an appraisal of her house and lot for tax purposes. I do not want it understood, however, from this remark that I consider it inevitable that the transfer of the property by the means I have suggested will be taxable. It would be my opinion that the property would not be appraised at a very high figure in any event. Inheritance tax appraisers usually do not appraise real property much beyond its assessed valuation for general property taxes.

When I started this letter, I had no notion I would get beyond a paragraph or two, but now I have gone so far, I had better tell you what the government has done with respect to canning crops. This may be a report on a matter with which you are already familiar, but H. P. Peterson informed me that the government had raised the price of peas \$17.00 a ton, which will jump the price of our green product from \$40.00 to about \$57.00 next year. At the same time, they have indicated they will pay \$1.20 a dozen for standard five sieve peas as contrasted with about 80 cents last year. How this price for the finished product will compare with the increased costs, I do not know. It goes without saying, I think, that not only the green product, but labor and all other items going into manufacturing will be up this next season. If you have any information about the government plans, I wish you would let me know. Mr. Peterson said he approved of our reluctance to give the boys a bonus this year. I

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told him that it was our view that so long as we had debts and could earn only half as much relatively as other companies; that there was little argument in favor of bonuses.

The suffering the people must endure becomes more apparent, and, of course, as time goes on, it will become also more acute. As one contemplates what goes on in the world, the stronger becomes his convictions that the so-called leaders of great groups blunder into difficulty and then try to lie themselves out of responsibility. These leaders, wherever they may be, invent catch phrases to trap the people. They stir up their emotions to deaden their suffering and ultimately leave them stripped bare of their youths, their property, and in my humble opinion, their morals. The only way I am able to reconcile myself to the catastrophes which seem to beset us is that it is somewhat biological. Perhaps it is nature's way of destroying surplus population, and even if man could find a remedy for war like he has found for other great scourges which once destroyed mankind, nature would invent another means for accomplishing her purposes. For a time a great many people with whom I associated were somewhat nonchalant about the war and considered anyone who looked upon it with apprehension as a pessimist. Increasingly these same individuals are becoming alarmed over the inevitable consequences of our participation in the world conflict.

I hope these things do not molest you too much. When you are in the midst of them, perhaps you do not have time to think of consequences, but only of means of accomplishing an end.

I wish you would remember me to Larry, Valois, Elliott and Pack. I earnestly hope you are well and that we will be seeing you soon again.

With all best wishes.

Affectionately yours,



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

January 28, 1942.

Mr. S. J. Quinney,
Kearns Building,
Salt Lake City, Utah.

Dear Joe:

I was much interested to receive yours of January 20 in which you mention the verbal battle you had recently with Phil Purcell anent my address before the New York State Bankers Association, which Mr. Purcell seems to think brands me as a Communist. Before I discuss the idiocy of this interpretation on his part, I want to express to you my appreciation of your valiant defense of my economic philosophy as it pertains to the profit motive.

If Mr. Purcell is capable of objective consideration of the matter, it might be well to point out to him that three times within the past year I have spoken before organizations which by no stretch of the imagination could be induced to invite a "pink", let alone a real Communist, to appear before them. The organizations I refer to are the National Industrial Conference Board, the National Tax Association and the New York State Bankers Association. The first of these is composed of representatives of the major industrial concerns of the country, and the membership of the association is noteworthy for its conservatism. Yet I have spoken before them the last three years in succession.

As to the recent New York speech, it would appear that numerous other people, including The New York Times, do not agree with Mr. Purcell's interpretation. You might show him the enclosed clipping from The New York Times, as well as the enclosed copies of letters received from some of the bankers who attended the meeting.

It is a common rule that statements in any writing or speech should not be interpreted by themselves, but in the light of the entire context. If this rule were followed with reference to the New York speech, I am sure that no one could twist my references to the valiant spirit of the Russians into a plea for Communism. Furthermore, any remark I might make respecting the profit motive should be considered against the background of my economic philosophy. This has been developed in numerous papers, in all of which I espouse private enterprise and the profit motive. Such an aristocratic business organ as Fortune Magazine would not have asked me to prepare an article for its defense issue last August if I had any pink strings tied to me. In the Fortune article I gave a fairly comprehensive outline of my philosophy, and I would suggest that Mr. Purcell read that paper through. A reprint is enclosed herewith.

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Of course I am mindful of the fact that Messrs. Purcell, Adams and Roche do not view my pronouncements impartially. They are naturally delighted if they can find any statement which, taken by itself and sufficiently twisted by their interpretation, will make me appear in a radical light. Perhaps, therefore, we are wasting time to suggest that they give fair consideration to the evidence I have mentioned heretofore. However, since, as a part of your daily routine, you come into contact with them, maybe you can at least gain some satisfaction in presenting the evidence.

I note your admonition that I should not allow thoughts about the futility of wars to molest me too much. As you say, If one is in the midst of the effort to win through in a situation of this kind, there is little time to worry about the philosophy of it all. The chief concern is to find the means to accomplish the end.

With best wishes, I am

Sincerely yours,

LC:hbw

Enclosures: NICB speech, Nat. Tax Assn. speech, and Fortune article.
(Mayor's speech sent previously.)
Clipping, New York Times.
Copies of letter from bankers.

P. S. The New York speech was extemporaneous and so no copies are available. I am advised you have already received the speech before the Mayors, but I am enclosing copies of the speeches before the National Industrial Conference Board and the National Tax Association which you may not have seen.

M.S.E.