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January 21, 1942

Marriner S. Eccles
Board of Governors
Federal Reserve System
New York City, N. Y.

Sir:

I am sending you clippings from Columbus Newspapers.

I think you should read them.

It seems that your whole thought is getting more money from the down-trodden taxpayer.

I endorse every word that Westbrook Pegler says.

It certainly would be refreshing if some member of the Administration would suggest that innumerable useless bureaus be abolished and thousands of political parasites be ousted from their jobs and made to get out and hustle for a living.

Very truly yours,

BDS/WLW

Bert D. Stange

bus Citizen

DAY, JANUARY 20, 1942

Eccles Asks Withholding Tax To Bar Shortages for Taxes

NEW YORK, Jan. 20.—Marriner S. Eccles, chairman of the board of governors of the federal reserve system, today predicted an end to the rise in the country's standard of living under the impetus of the arms program and foresaw sharply higher taxes.

Eccles spoke before more than 800 members of the New York State Bankers Association at its 14th annual mid-winter meeting.

Eccles, speaking extemporaneously, told the bankers there should be fewer exemptions and higher

taxes on gifts and estates and that individual exemptions should be cut to \$1200 for married couples and to \$600 for individuals.

He was "unalterably opposed" to a sales tax which he termed as "inequitable."

The reserve chairman stated that the task of collecting income taxes will be stupendous. He recommended a withholding tax to prevent consumer spending and to reduce the possibility of people not having the money when taxes were due.

FAIR ENOUGH = = = By Westbrook Pegler

WASHINGTON, JAN. 20.—NOW THAT the income tax has become a democratic institution, affecting some seven million new subjects in income brackets as low as \$800 a year, the Treasury seriously hopes to banish from the public mind the concept of the taxpayer created by Will Johnstone, the cartoonist, who pictures him as a scrawny little man wearing nothing but a barrel held up by suspenders and always in a hot fury over the waste of his tax money by public officers. Our friends at the Treasury believe the new members of the lodge will be eager to pay their bit not only to buy the tools of war but to stand off inflation. This is the first time the Treasury has seemed to care what the income taxpayer thought about anything. Always hitherto he was treated as a rich man who probably had stolen or inherited his money and the bureaucrats of the New Deal laughed raucously at his futile complaints. I remember an encounter with an ex-newspaperman who had been drafted into the long and extravagant war on poverty as an aid to Jim Farley for duties mostly political who said rather mockingly: "Why don't you pay your income tax and quit squawking?"



I HAD PAID MY INCOME TAX and I was squawking because \$6000 a year of the taxes paid by me and others was being paid to a relative of a prominent idealist for decorating embassies abroad; \$6000 a year had been paid to Theodore (The Man) Bilbo, a stranded Mississippi politician, to clip and paste newspaper items in scrapbooks, and to keep him off the neck of Pat Harrison; \$10,000 was being paid to Amy Roosevelt to act as one of his father's secretaries and keep out of mischief and countless other high salaries were being paid to other personal and political friends and relatives of high personages as

a sort of de luxe dole or handout or, not to fumble for a word, gravy.

Everyone in Washington has personal knowledge of many such ill-disguised gifts of large salaries to individuals whose duties are only theoretical, nominal or unnecessary and the same generosity has now spread out over the country.

BUT, UNDER THE OLD SCALE of brackets, the income tax was a class tax and those who paid it were deemed lucky to have that much income and poor sports to ask what was done with the money. And anyone who asked too insistently and clamorously could expect a call from one of the detective-accountants of the Internal Revenue who would go over all his personal items and even demand an explanation of his spendings which were none of the Treasury's business, as well as of his earnings. This is literal truth. The income taxpayers were a small and politically friendless minority and the Government itself created the figure in the barrel whom it is now desired to retire from the scene lest the new and much larger group of taxpayers come to regard the tax as a burden.

The treasury people are correct in their belief that the new income taxpayers will be quite willing to pay the tax for war purposes. The old group has the same spirit and, with very few exceptions, has been willing all along to pay legitimate costs of Government including the expense of new departments honestly intended to ease the nation over the long panic. But neither group will be happy to continue to support innumerable political press agents on better salaries than they ever were worth in private industry merely because they are politically right. Neither group will willingly contribute money out of earnings and go through the vexation of making out returns so that useless, extravagant and ornate Government reports may be turned out in the form of bound books singing the praises of this or that Cabinet member.

THE federal government debt is approaching \$60,000,000,000. The non-federal (state, county, city, etc., debt combined is \$24,000,000,000, a total of \$84,000,000,000, which with the interest additional, is a burden on the backs of all the present generation of Americans and our posterity at least 1000 years to come.

This means that the present regime has put a blanket mortgage on the nation, as things are at the moment, to the extent above stated until the year 2042 A. D. Even though by refinancing at rates of 2.5 per cent down to 1.5 per cent, this 84 billions will become at least \$160,000,000,000. All this will be in addition to current expenditures. Should the debt go to \$200,000,000,000, in 100 years, or by 2042 A. D., it will be 400 billions.

We are surely putting a ball and chain on the future workers of America. To lick the Axis, we must cut down on non-war expenses, and thereby save and help our forces win the war and the peace, too.

Columbus

J. F. Carlisle.