

Jan. 26, 1942

Mr. Manning S. Eccles
Federal Reserve Bank -

Dear Sir:

Your comments relating to taxation as advanced before the Bankers Association - would seem to imply a grave injustice to the millions who have not gained by the war program. We all are willing to contribute, but the defense worker has had a gross increase in wage - which would allow him to pay a heavy tax on "gain" - and still have added to his wealth. May I suggest that such income gains be taxed severely - which would help also to stop inflation.

Think of the man in the service - by comparison. He gives all - and gets little - and maybe loses his life. He is way down the list - and makes the greatest sacrifice.

We must be fair in taxing - no one should gain substantially - but have pity on the man whose business is not essential to defense - and whose salary is less than ever -

44 Avon Rd
New Rochelle - N. Y.

Very sincerely
J. L. Gaylan

January 30, 1942.

Mr. J. C. Gazlay,
44 Avon Road,
New Rochelle, New York.

Dear Mr. Gazlay:

Just why it is most of us write our signatures in a way that is not always easy to decipher, I do not know, but if I have misspelled it please attribute it to the fact that your hand writing is perfectly clear to me except when you come to sign your name.

I was interested to read your letter of January 26. I am fully aware of the inequitable tax situation that you describe and would favor any practical proposal that would take into account war profits and gains without unduly penalizing the fixed income groups. So far, although I have given a good deal of thought to this and discussed it with others, including various tax experts who have studied the matter, nothing practicable or workable has developed that would differentiate, as you suggest.

I would not favor exempting the fixed income groups from paying their fair share of the war costs and I would, of course, rely upon the income tax as the most equitable method. Many in the fixed income groups have enjoyed large incomes and a high standard of living, whereas millions who are now employed for the first time have gone through a long period of deprivation. Nevertheless, I recognize the problem created for those with small fixed incomes.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b