Wm. B. Joyce & Sons
115 Broadway
New York City

February 28, 1945

Chairman Eccles,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Eccles:-

Recently you recommended that higher taxes be fixed on income, arising from speculation.

I thought you might be interested in what the Financial World has to say about it and I, therefore, enclose its article.

Very truly yours,

M.
Enc. 63

March 5, 1945.

Mr. William B. Joyce,
Wm. B. Joyce & Sons,
115 Broadway,
New York City.

Dear Mr. Joyce:

In reply to your letter of February 28 in which you enclose a clipping from the Financial World, I am sending you a copy of a statement I have just issued to explain my proposal in regard to the capital gains tax.

Possibly I was at fault for not explaining the matter very carefully when I was unexpectedly questioned on this subject by members of the Senate Banking and Currency Committee in the course of my testimony on an entirely different matter. At all odds, the enclosure in your letter is based on a complete misunderstanding of what I had suggested. As you will note, the special wartime tax which I proposed would not, as this article states, be superimposed upon the present tax and would not be retroactive beyond such cut-off date, say, January 1, 1945, as the Congress might determine.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b

These articles are protected by copyright and have been removed.

The citations for the original articles are:

Anderson, Richard J. “Market Outlook: In Face of Fears by Professional Traders That Next Market Move Will be Downward, Administration’s Worry Is That Price Boom May Get Out of Hand.” *Financial World*, February 1945, p. 11.

Financial World, “Current Trends,” February 1945, p. 12.

Wm. B. Joyce & Sons
115 Broadway
New York City

March 9, 1945

Hon. Mariner S. Eccles,
Chairman, Board of Governors,
Federal Reserve System,
Washington, D.C. (25)

Dear Mr. Eccles:-

Thank you so much for your letter of 5th inst. regarding Financial World article.

I read, with much interest, your statement, and feel you are suggesting a plan to retard Inflation which possess much merit, but I do think the suggested 90% is rather radical, and 50% or 60% tax would probably be more acceptable generally. You see, Mr. Chairman, if you make profits difficult, the general economy suffers, and a successful general economy is necessary, because of the War requirement for a large amount of taxes.

Then again, you are putting a penalty upon enterprise and a premium upon those brigands who sell short. They profit by adversity, which is very repugnant to us.

Again many thanks for your kindness.

Very truly yours,

Wm B Joyce

H.

Wm. B. Joyce & Sons
115 Broadway
New York City

March 12, 1945

Hon. Mariner S. Eccles,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Eccles:-

You were kind enough to reply to my letter wherein I commented on your suggestion about 90% taxes on securities and real estate profits.

Here is an article published by The Fitch Survey, March 9th, which might interest you.

Best wishes.

Very truly yours,

H.
Enc. 42

March 19, 1945.

Mr. William B. Joyce,
115 Broadway,
New York City.

Dear Mr. Joyce:

This is to acknowledge your letter of March 12 and the enclosed copy of the rather typical stock market reaction from The Fitch Survey. The objection of the brokerage community to a stiff wartime capital gains tax or to otherwise curbing speculation is entirely understandable. They thrive on market volume and instability. Their solicitude for venture capital in the postwar strikes me as a trifle hypocritical. I am particularly eager to see the greenlight given to risk capital then. In wartime we have neither the manpower nor materials. I do not happen to know any wizards, but nobody in Washington so far as I know is proposing to take the profits out of investments.

Our entire tax structure will need revision looking to the conversion and longer postwar. I discussed that subject in an address to the Tax Institute some time ago and I am enclosing a copy for your information.

What would help new enterprise greatly, in my opinion, would be to give some tax benefit to new ventures and to eliminate the present double taxation of equity capital. High individual and corporate income taxes necessitated by wartime conditions, plus double taxation of equity capital, would be far more of a deterrent in peacetimes than even a stiff capital gains tax. Indeed, there is a good deal to be said for the argument that a capital gains tax that would deter the speculator and a revision of the tax structure to encourage the true investor would be to the real interest of getting risk capital flowing into production and employment.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

These articles are protected by copyright and have been removed.

The citations for the original articles are:

Fitch Survey, “Stocks and Markets: Rocking the Boat!,” March 9, 1945, p. 1.

Fitch Survey, “Brilliant Future for Stainless Steel: Rustless Iron & Steel Corp. Produces About One-Third of Country’s Total Output,” March 9, 1945, p. 2.

File

Wm. B. Joyce & Sons
115 Broadway
New York City

March 27,1945

Hon. Marriner S.Eccles
Chairman,Federal Reserve System
Washington,25,D.C.

Dear Mr. Eccles:-

Thank you for your letter of March 19th.

I feel that proposed 90% taxation on profits on stocks held for less than two years is too much.

We must not do anything that will harm recovery,and to place such taxation will chill not only those who are inclined to buy and sell stocks, but also those who plan to go into business of any sort. I fear people generally will believe that excessive taxation might be later fixed upon other profits.

The Government needs taxes to pay war expenses and service its gigantic debt, but if the Government doesn't permit citizens to make money, there will be no profits and, consequently, no taxes. Then again, whatever taxation is fixed upon profits, made by purchasers of securities, should also attach to those in our midst known as "short sellers". The "short seller" is destructive while the purchaser is constructive.

We are not speculators, but are investors and we own a large number of securities and never go into debt without having sufficient cash on hand to pay the debt, therefore, we view with alarm your proposal, and hope you will give it reconsideration to the extent that it will result in a modification of your proposal.

I agree there should be some restraint, not only in the financial world, but there must be restraint inthe labor world.

I have a boy in the Army and his mother and I are suffering because of his absence. He,however,is not in combat,but I view with great alarm the conduct of that element in the labor world that strike for more money when they are now getting $10. to $15. per day, while those in combat forces who are fighting in the jungles and other bad terrains , giving their bodies and their lives to protect the strikers, are getting only around $50. per month to be shot at.

Mr. Eccles,this is serious business, and if it not be corrected by the Administration, when our boys get back they will take a hand in this labor situation and correct it, because they are pretty well exercised about what is going on, in the labor world.

Please do not misinterpret my letter. It is only a small percentage of labor that acts in this bad way, but the percentage is considerable and sufficient to cause great resentment against labor, and after the war we want as little resentment as possible.

Respectfully submitted,

Wm. H. [signature]

H.

Wm. B. Joyce & Sons
115 Broadway
New York City

April 2nd, 1945

Hon. Marriner S. Eccles,
Chairman, Federal Reserve System,
Washington, 25, D.C.

Dear Mr. Chairman:-

When I wrote you the other day I did not dwell enough upon the effect of your plan of high taxation on profits and/or high margins.

It seems to me this would be playing right into the hands of the short sellers and would "chill" the optimism of business men. We must have optimism in this country if we are going to earn enough money to pay adequate taxes to service our debt.

Respectfully submitted,

Wm B Joyce & Son.

H.