

Mr. Eccles

10 note — Will  
prepare a reply for Doc. Parry  
or privately you should  
answer it.

W

Mr. Thurston,

Although  
This was addressed  
to me I believe it  
belongs to you. C E P

3-21-45  
5:00 P.M.

JENNINGS RANDOLPH  
2d DIST, W. VA.  
ASSISTANT MAJORITY WHIP

MR. PARRY  
MR. PARRY  
Mr. Thurston

COMMITTEES:  
CIVIL SERVICE  
DISTRICT OF COLUMBIA  
(CHAIRMAN)  
EXPENDITURES IN THE  
EXECUTIVE DEPARTMENTS  
LABOR  
MINES AND MINING  
ROADS

**Congress of the United States**  
**House of Representatives**

**Washington, D. C.**

March 20, 1945

Mr. Carl E. Parry  
Director, Division of Security Loans  
Federal Reserve System  
Federal Reserve Building  
Washington, D. C.

Dear Mr. Parry:

I am deeply interested in reports, through the press and radio, which state that the Federal Reserve Board is giving consideration to the elimination of all margin trading in stocks. It is indicated, also, that the Board is impressed with the advisability of imposing a capital gains tax ranging up to ninety per cent on all profits derived from transactions in stocks.

A number of my constituents have written me their concern over the far reaching implications of both proposals. It occurs to me that this is not a progressive regulation, but one which could be used to retard sound business. My chief concern, and I believe the concern of every citizen of the country, is the likelihood that if margin trading were prohibited the banks would be prohibited from making loans on listed securities. That would work a decided hardship on many persons who never speculated in stocks and who otherwise make no contribution towards inflation.

There are many occasions when most of us, in order to meet unforeseen expenditures, find it necessary to negotiate bank loans. If our only collateral happened to be listed securities, we would be unable to obtain such loans and consequently would be compelled to dispose of the securities regardless of the loss which might be entailed.

Ho!

In thinking through this matter, I am wondering what effect the confiscatory capital gains tax on stock transactions would have on the program to provide post-war jobs. This program, I believe, will be the most gigantic task before the country. These jobs can be provided only through the investment of risk capital in equities. I cannot conceive that such capital is going to be invested if gains accruing from the investment are confiscated.

I shall appreciate it if you will let me have a forthright statement of what is contemplated.

Sincerely yours,



JENNINGS RANDOLPH

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