

WILLIAM STANTON ELLIOTT
110 CRESCENT AVENUE
LEONIA, NEW JERSEY

3/27/45

Mr. Murrin Eccles.
Pres. Fed. Res. Board
Washington, D.C.

Dear Sir:

You no doubt have
heard, but you are too
late, for the reason that
the "big shots" are out
of the market, having
liquidated on a scale
up in 1944. Your threats
of 9% capital gain tax
has started a "bear"
market for the con-
-vulsion of "sold out
bulls" who are now,
other than our wealthy
capitalists who,

acquired their holdings
in 1942 + 1943. They now
await an opportunity
to restate themselves
on a 30 or 40% break
to buy back the
stocks they sold to
the "sucker public" -

I enclose Barro's of
Feb 12. Page 20 for
your information -

(⁴ Same old army game)
A lot of my friends
myself included hold
securities well
margin'd, If the market
goes lower which
Mr. Bancroft clearly
hopes we have decided
not to be shaken

out, but shall sell our
bonds & take up
the securities & hold
in our boxes for
indefinite period
& be satisfied with
the dividends - stocks
have not increased 10%
as the enclosed chart
will prove -

With a National income
of 150,000,000 full em-
ployment for those that
want to work, affording
reasonable buying power
to keep business on
an even keel the country
should enjoy prosperous
times the next few

years - that is a by
the "big shots" - bear
an incipient bear
market now to restate
their lines, as they
are "sold out bulls"
Now - I offer as a
friendly suggestion
however a tax (capital
gain) of 90% if you
will ~~of~~ on profits
made on "short
sellers" - as no doubt
the "wise ones" are
heavily short of the
market now for
the reason that short
sellers amongst the
"big shots" are

responsible for being
more upward in
February from a low
of 151 end of July to
162. Now 6 — in order
to get their line
of shorts out at a
good top — that is
what Jas B Keene used
to do in the old days
of Wall St. The bears
are shivering in their
shoes now for fear
of something constructive
coming out of
Washington, they have
not covered yet. Give

them a "Harriman" sense
instead of Jay Gould
pessimism -
Another curse of Wall St.
are investment Service
clubs who are now
flooding the papers with
their ads. Eliminate
them by instructing the
papers to refuse their
copy or tax them heavily
as to tax is to destroy.

I heartily endorse your
sincere effort to
control inflation

Yours truly

W. S. Elliott

Received in
Chairman's Office
MAY 28 1945
Board of Governors
of the
Federal Reserve System

March 28, 1945.

Mr. William Stanton Elliott,
110 Crescent Avenue,
Leonia, New Jersey.

Dear Mr. Elliott:

On behalf of Mr. Eccles who is on a brief trip in the West, permit me to acknowledge receipt of your letter of March 27, which I am sure he will be interested to see upon his return, including the significant enclosures. I know Mr. Eccles will be pleased to have your endorsement of his efforts. It is a pleasant relief from the shower of brickbats that emanate from the brokerage community.

Incidentally, Mr. Eccles has not undertaken to say that the market is too high or too low. He feels that so long as it adjusts to underlying economic conditions and prospects that process is a natural and desirable one. But he does object to the speculative manipulations, either up or down, that make for instability and too often for disaster.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

ET:b