

542 Fifth Avenue,
New York, March 28/45

Dear Mr. Eccles.

I enclose an editorial from yesterday's New York Times to which you may wish to reply, as the Times is a very influential paper and although it is usually Democratic, it is not for the New Deal, as far as its economic and financial views are concerned and you New Dealers can learn much from it about these subjects in which you have never been properly educated. You take all of your views from Keynes whom Professor Benjamin Anderson regards as a dangerously unsound thinker (see his article in the January 25 Commercial & Financial Chronicle in which he says that Keynes "influence in the Administration is very great"). You will note that the Times says that your proposed tax of 90% on capital gains "would freeze capital holdings in present hands, and stem the flow of money into new ventures, reducing production and employment".

Very truly yours,

Howard W. Starr

March 31, 1945.

Mr. Howard W. Starr,
542 Fifth Avenue,
New York City.

Dear Mr. Starr:

On behalf of Mr. Eccles who is on a visit to the west, I wish to acknowledge your letter of March 28 enclosing the editorial from the New York Times.

Let me say that Mr. Eccles' views are not taken from Keynes, with whom, I am quite sure, he would disagree in many important respects, just as he would be equally out of sympathy with Dr. Anderson's viewpoint.

The observation in the Times editorial that the proposed capital gains tax deals with the symptoms and not the causes of the disease is especially childish. So do all inflation controls deal with the effects and not with the causes. May I call your attention particularly to paragraph 6 of the enclosed explanatory statement which Mr. Eccles gave out on this subject. Similarly, the other objections to the tax are the typical criticisms emanating chiefly from the brokerage community. They will hardly stand up under analysis.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

Enclosure

ET:b