



CHARTERED 1871

# THE BLOOMFIELD SAVINGS INSTITUTION

11 BROAD STREET

BLOOMFIELD, NEW JERSEY

July 25, 1950

M. HAROLD HIGGINS  
PRESIDENT

Honorable Marriner S. Eccles  
Reserve Board Governor  
Federal Reserve  
Washington, D. C.

Dear Sir:

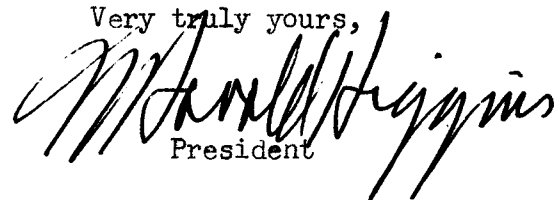
In the issue of the American Banker of July 20, 1950, there was printed an article which stated that you have proposed a six point monetary and credit program and a six point fiscal program, all of which I heartily endorse.

It stated that you said the present situation calls for the purchase of more bonds by the people. It has often occurred to me that the "E" bonds could be made more attractive to the people who would buy and hold the bonds as distinguished from the people who buy the bonds and redeem them, if interest on the "E" bonds were made "Non-taxable".

I do not believe this would result in a large loss of taxes as undoubtedly a great deal of this interest is not reported but it would make the bonds a great deal more attractive to the middle income group and persons living partially on income.

This idea may have been given consideration but perhaps by the wrong people.

Very truly yours,

  
President

MHH:eh

August 8, 1950.

Mr. M. Harold Higgins, President,  
The Bloomfield Savings Institute,  
11 Broad Street,  
Bloomfield, New Jersey.

Dear Mr. Higgins:

I appreciate very much getting your comments of July 25 regarding the monetary and credit program which I recently proposed.

As you suggest, one of the key factors in achieving economic stability under present and prospective conditions will be the willingness of the people to buy and hold savings bonds. In this connection, I have noted your suggestion that interest on Series E Savings bonds be made nontaxable. As a general principle, it is not desirable to exempt interest on Government bonds from taxes, if it can be assumed that the interest income is reported. Should it be necessary to make Series E bonds more attractive by increasing the return on them, I believe that the amount that would be lost in taxes by tax-exemption could be more effectively employed in increasing the regular interest return. The bulk of the benefits of tax-exemption go to those in the highest income brackets whereas a corresponding increase in interest return would reach all groups more effectively.

Very truly yours,

M. S. Eccles.

CRY:nw