

C O P Y

WINDOM STATE BANK
Windom, Minn.

February 8, 1951.

Mr. Oliver S. Powell
Board of Governors
Federal Reserve System
Washington, D. C.

Dear Oliver:

I have been following in the papers the controversy between the Federal Reserve Board and the Treasury Department about the effect of an increase in interest rates on inflation. From my understanding of the mechanics of money, interest rates are one of the basic factors controlling the fluctuation in business activity. Granted that with the inflation potential we now have, a modest increase in rates on government securities will not be a cure all, but it will be a step in the right direction.

I think you, as a member of the Board of Governors, should stand firm in your belief that you are charged with the responsibility to do all within your power to hold back the rising tide of inflation. It defeats the purpose of the organization of the Federal Reserve System when you allow political pressure, such as was recently exerted, to sway you from a sound economic stand. May I urge you to take a firm stand on the interest rate problem to protect our country's future.

Here in southern Minnesota we are already seeing evidences of the "flight from money." Your stand must be taken soon and firm.

Sincerely yours,

(Signed) G. A. Redding

G. A. Redding,
President

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