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UNIVERSITY OF MINNESOTA
MINNEAPOLIS 11

Office of the President

September 16, 1943

Mr. Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

Dear Marriner:

I am attaching a copy of a letter I received recently from one of our students in the armed services. Since reference is made to the Federal Reserve and certain interesting observations were made, I thought you might be interested in seeing it.

Sincerely yours,

(Signed) W. C. Coffey.

W. C. Coffey
President

Enclosure

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Sgt. K. L. Block, 37292008
Base Weather Station
A.P.O. 605
Miami, Florida

Nest Africa
September 1, 1943

Mr. W. C. Coffey, President
University of Minnesota
Minneapolis, Minnesota

Dear President Coffey:

Your letter of July 21st reached me in good time, and I was certainly pleased to hear from you again. Since I wrote you last I learned that your term of office had been extended another year. May I offer you my congratulations and thank you for the service that you are rendering to the University and to the people by consenting to guide the University through this most difficult period.

Your comments regarding inflation were especially appreciated. I have nothing but the greatest admiration for anyone chosen for as important a post as a director of a Federal Reserve Bank. I am especially pleased that you, as well as many of our professors, have abolished the myth of the "ivory tower." Never before has the need been so great for men of vision and ideals to exert a guiding force in building our economy.

Right now the monetary and price situation is probably the greatest problem facing us. Victory is inevitable, but dark clouds of inflation still loom ominously on the horizon of peace. Ralph Robey points out in a recent issue of "Newsweek" that the excess purchasing power which we are piling up during the war will continue to affect our economic structure after the war. He disproves the theory that this excess will be drained off in the purchase of consumption goods after the war, since every dollar of production means another dollar of buying power in and of itself.

You well know the results of inflation. But this time there will be even greater cause for discontent and unrest. This time we will have some ten million men and women from the military services who will form a formidable group if their plans are shattered by inflation.

You might be surprised at the number of men who are making plans already for their return to civilian life. Publicly they may not say much about it, but I have talked to innumerable men who are saving all of the money they possibly can for the time that they get back. Some

are married or plan to be married and they are putting money into a house, a farm, or furniture. But this is rare. The majority are saving their money - counting it carefully - and dreaming of the comforts that it is going to buy.

But the point is that they are dreaming of these things in terms of pre-war prices. We in the Army are not vitally affected by prices. Those of us in foreign service chalk up differences against the country in which we happen to do our small amount of buying. Those of us in the States buy little anyway. Certainly we read about the price of furniture advancing 100% or some other price index going up 50%. But it doesn't strike home the way it would if we looked at a radio that we almost bought before the war for twenty-five dollars and now find that we have to pay fifty dollars for it.

After the war that is the experience that each and every one of us in the Army is going to have. We have saved our money -- denied ourselves many pleasures, and we are dreaming of a down payment on a house, new clothes, marriage, etc. But our air castles will fall with a very discomfoting thud when we find that we can buy only half, or a third, or some smaller fraction of the commodities we had planned. That is when the protesting murmurs of ten million hearts will swell to a crashing crescendo of condemnation against our government. The results may well be catastrophis.

That is the possibility; but none of us over here believes that it will actually occur. We have confidence that men of knowledge and judgment who are in positions of influence, such as you occupy in the Federal Reserve System, will solve this problem for us. Our confidence is unlimited; you cannot afford to fail.

I shall feel honored to hear from you at any time. My best wishes go to you for your continued health and success.

Sincerely yours,

(Signed) Ken.

Kenneth L. Block
Sergeant, A. C.