

Huntington Park, Calif
December 6, 1947.

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

Dear Sir:

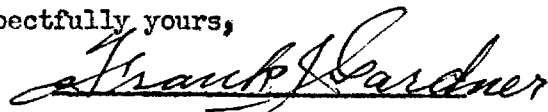
I wish to congratulate and thank you for your fearless protection of American Principles regardless of political consequence. The greatest threat to freedom is the snobbish lip service to socialistic principles while forcing the nation into Fascism as the New Dealers have been doing. Such hypocrisy will wreck this nation just as was England whose labor Government was elected so the aristocrats could sell their worthless railroads and depleted obsolete coal mines to the Government at ten times its real value, letting the working man and middle class pay for them via taxation, and making England a fourth class nation. Therefore, may I thank you again for your fearless protection of American freedom of a Government of laws instead of a Government of biased men.

But I would like to voice alarm at the selfish business interest, as pointed out by Barron's Editor November 24th, that as long as some groups can buy all of certain material or goods and create an apparent shortage, they reap huge profits and push the inflation spiral higher and higher; that bank credits and bank funds are being used to hold goods off the market as commercial loans rose from \$9,000,000,000 at the wars end to \$35,000,000,000 at present. Barron says this bank credit is jeopardizing free enterprise. This is surely a case where the banks are double crossing the public depositors by loaning public money to speculate in inventories. It is interesting to note that inventories which stood at about \$12,000,000,000 at the wars end are about \$40,000,000,000 now. Banks do not loan their own money but they loan the money of their depositors. The banks are custodians of the depositors money, and they cannot refrain from trying to make temporary profits by loaning that money to speculators, who in effect are gambling on commodity markets against public interest and against political and economic safety of depositors. If said banks cannot control their greed, then the Government must at least try to regulate bank credits.

There should be no shortage of any kind or description. The Government is forcing wheat up and giving it to buyers who cannot pay for it; buying potatoes and dumping them in the bay; buying eggs and dehydrating them. Lumber, building materials, furniture, clothes and groceries which were almost non-existent at the end of the war are now on display for sale every where. Millions of grocery stores, lumber yards and other businesses have opened and are fully stocked since the wars end. Inventories have increased by \$28,000,000,000, and exports with the full Marshall Plan will be four to five billion dollars less per year from here on. Still, radio and press are helping speculators by saying that we cannot produce enough goods to go around, and causing the public to hoard every thing. Mr. A. A. Mol in Commercial and Financial Chronicle of November 20th answers this flagrant lie effectively. I quote: "The existence of gigantic business inflation of absolutely unprecedented proportions is a fact for reasons explained above. It is my conclusion that the Nation in the aggregate now is not sane and sound but sick and silly. We are in a state of mass madness; we are out on a limb farther than ever before, and if and when our boom collapses, it will do it violently. Our domestic inflationary boom has been kept going by a sequence of factors; by reckless consumer buying, inflationary consumption by non-producing strikes, spending of previously accumulated savings of consumers for renovation in the home, spending for business expansion and inventory replenishment, by great export surplus. These factors still carry business along but to each there was or is a natural end."

With best wishes for you and the Nation, I am

Respectfully yours,



Frank J. Gardner,
6419 Salt Lake Ave.

December 17, 1947.

Mr. Frank J. Gardner,
6419 Salt Lake Avenue,
Huntington Park, California.

Dear Mr. Gardner:

This is to acknowledge your letter of December 6. I was interested in having your comments.


Because of your interest, it occurred to me that you might like to see the full text of the statement I presented before the Joint Committee on the Economic Report on November 25 and, accordingly, I enclose a copy.

I appreciate and want to reciprocate your good wishes.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

 ET:b