

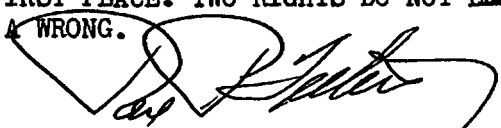
Honorable M.S. Eccles, Chairman
Board of Governors of the Federal Reserve
System. Honorable Sir:

I am getting sick and tired of that false premise that the "Cure all" to a vote-loving administration's "School-boy" acts is to sterilize the purchasing power of bank deposits. "Borrow direct from the people" "NUTS".

1. For more than 10 yrs the Govt. has been guaranteeing the purchase of building homes, remodeling bath rooms, putting on storm windows, putting new furnaces, (putting on new roofs, covering up wood siding with a material which will not last more than 20 yrs either in sightliness or efficiency, purchase of refrigerators (installed). These are some of the ramifications of F.H.A. an instrumentality given us for the purpose of creating a demand for goods.

2. I note that Italy is now about to furnish Yugoslavia with 30,000,000,000 lira value of MACHINE TOOLS, CHEMICAL PRODUCTS & FINISHED PRODUCTS IN EXCHANGE FOR FOOD-STUFFS (We give ours away via extensions of credit which which will never be paid. This creates a shortage in our own country without accumulation of any basic wealth to us. We are short of many things Italy could supply to us. How about olive oil? How about fruits and wines? If they can make machine tools for a country we wont trade with, while we support them they certainly can make products to help supply the demand for products in this country. except in our school-boy bullheadedness we can only think in dollars WHEN THE WORLD HASN'T GOT ANY DOLLARS. SO IN ORDER TO KEEP OUR PRODUCTS IN DEMAND BEYOND OUR EARNING AND BANK DEPOSIT PURCHASING POWER WE CONTINUE TO SHIP OUT OF THIS COUNTRY THE VERY PRODUCTION WHICH WOULD STOP THE INFLATION. And what are we getting for the wrecking of our own economy? Nothing that will assist in covering the shortages in any line. All we get is an I.O.U. of extremely doubtful value. We are shipping out of our country the latest tool machines (On the cuff) while our own machines have needed replacing ten years ago. It costs our manufactures too much to meet that "On the cuff" sale and he hasn't the priority of the Govt. purchase agreement. NOW BEFORE ITS TOO LATE LETS WORK OUT CARTEL AGREEMENT EVEN IF WE HAVE TO GET LICKED FROM A YANKEE TRADERS STAND POINT. But LETS GET SOMETHING TO SUPPLY SOME OF THIS DEMAND INSTEAD OF I.O.U's WHICH NO ONE CAN USE. Even if they would pay the I.O.U's (Which they wont) we would be getting something NOW when we need it to SAVE DEMOCRACY. THOSE EUROPEAN NATIONS ARE NOT DEMOCRATIC THEY ARE SOCIALISTS. LETS SAVE OURSELVES WHILE WE CAN. For 15 years ALMOST A GENERATION we have not paid our own bills. THIS GENERATION COMING INTO COMMAND DOES NOT KNOW WHAT IT MEANS TO PAYS ITS BILLS. Lets curb demand by supplying it with goods instead of following the false premise of sterilizing it purchasing power.

THE ONLY CONTROL WE NEED IS ON OFFICIAL WASHINGTON. THEY CONTINUE TO WRECK EVERY SAFEGUARD WE HAVE IN A DEMOCRACY. CONTROLS OTHER THAN SUPPLY AND DEMAND ARE SOCIALISTIC EXPERIMENTS WHICH CALL FOR MORE AND MORE POWER TO COVER MISTAKES MADE IN THE FIRST PLACE. TWO RIGHTS DO NOT ~~COVER~~ CORRECT A WRONG.



(Rex P. Teeters) President
Shiawassee County Bank of Durand, Mich.

STOP F.H.A GUARANTEES
DEMAND DOWN PAYMENTS OF G.I.s
QUIT PROMISING AND DELIVERING MORE ABROAD THAN OUR SURPLUS. THE SURPLUS OF 140 million people regardless of our production power CANNOT UNDERWRITE THE POVERTY OF THE WORLD. THE SURPLUS OF 140 million cannot even take care of the demands of 250 million of Europe alone let alone shipping to Russia China, Japan, India and our best future customers and co-workers, in supplying the wornout resources of Europe and China, SOUTH AMERICA (Where we need and could have friends and wont be continually be painted as OLD SHYLOCK.)

LETS GET SOME SENSE IN OUR THICK DOME AND RATION OUR SURPLUS TO EXPORT INSTEAD OF PROMISING THEM THE MOON.

Lets supply our own demand and hold down the price of goods so than when a foreign nation does buy even on the cuff there is some chance of getting paid in goods. After all money is only an exchange medium. Lets keep it that way.

LETS LET THE FRUITS OF HARD LABOR GO TO THE LABORER and not jiggle him out of his industry by sterilizing his purchasing power by inflation and controls. About the next thing we will have is mass strikes caused by discouragement (I can assure that they are getting discouraged and dissatisfied by official Washington daily.)

IT SEEMS TO ME THAT WE ARE FOLLOWING FAST ON THE HEELS OF FRANCE MUCH TO MY DISTRESS AND DISCOMFORT.

OUR BANK WITH \$2¹/₂ Million ^{and} MANAGED DEPOSITS AND INCREASED CAPITAL MAKES 10% less dollar amount than we did before the government wanted to borrow so much money.

IN OTHER WORDS OUR 1938 bank with \$50,000 of capital and surplus made \$20,000 while our 1947 2½ million bak with \$140,000 of capital assets will hardly exceed \$17,000. THE GOVERNMENT HASEN't GIVE US ANYTHING BY INFLATING OUR DEPOSITS AND SELLING US THEIR BONDS UNDER FORCED DRAFT. INFACIT WE HAVE BEEN GIGGLED OUT OF WAR PROFITS THAT EVERYONE ELSE HAS EXCEPT BANKERS. OUR COSTS HAVE GONE UP WHILE OUR PERCENTAGE TO CAPITAL INVESTMENT HAS GONE DOWN. WE HAVE BEEN LICKED BY OFFICIAL WASHINGTON BOTH WAYS. MANAGED INTEREST RATES, MANAGED PLACEMENT OF INVESTMENTS (We were not even allowed to purchase the investment at 2½% that was granted any citizen via G Bonds, E bonds, F Bonds and several other loan floatings. When we got these last it was to purchase in the open market after a citizen had been allowed to scalp an undue profit) WE SOLD MOST OF THE E BONDS WE HAVE GIVEN OUR TIME ? OUR LIVES AND OUR FORTUNES TO OUR COUNTRY LET ~~###~~ NO ONE NOW SAY FOR A CONSIDERATION AS MOST INDIVIDUALS HAVE DONE. IN ADDITION WE ARE THE FELLOWS WHO WILL HAVE TO FIGHT THE INFLATIONARY FORCES TO PROTECT THE DEPOSITS FROM SHRINKING VALUES CAUSED BY SHORT SIGHTEDNESS. WE WOULD EVEN BE WILLING TO ACCEED TO CONTROLS IF OFFICIAL WASHINGTON WOULD PUT CONTROLS ON OUTGOING SHIPMENTS BUT CONTROLS HERE SIMPLY ALLOW OFFICIAL WASHINGTON TO SHIP OUT MORE AND MORE TO OUR OWN DETERMENT.

IN CONCLUSION MAY I THANK YOU FOR YOUR VERY ACCURATE(IN MY OPINION) STATEMENT OF THE FISCAL POLICY OF THE BANKING SYSTEM AND YOUR APPRECIATION OF THE SITUATION BUT I WRITE THIS TO GIVE YOU MY OPINION THAT WHAT EVER WE DO IS HOPELESS SO LONG AS WE CONTINUE NATIONALLY TO SHIP OUT OF OUR COUNTRY MORE PRODUCTS THAN WE CAN SAFELY SPARE. THERE IS NO CHANCE OF STOPPING INFLATION AS LONG AS WAITING LISTS BY OUR OWN PEOPLE CONTINUE TO GROW. I APPRECIATE THE CRYING NEED OF EUROPE BUT THEIR WANTS ARE SO MANY MANY AND THERE ARE SO MANY OF THEM THAT TO DIVIDE UP BY MOST ANY STANDARD WILL RUIN A NATION OPERATING ON A FREE ENTERPRIZE SUPPLY AND DEMAND SYSTEM. ANY SUCH DIVISION WOULD REQUIRE A TYPE OF GOVERNMENT WHICH I COULD NOT SUBSCRIBE TO.

REPORT OF CONDITION OF

The Shiawassee County Bank

of Durand, Michigan at the close of business October 6, 1947, a State banking institution organized and operating under the banking laws of this State and a member of the Federal Reserve System. Published in accordance with a call made by the State Banking Authorities and by the Federal Reserve Bank of this District.

ASSETS

Cash, balances with other banks, including reserve balance,, and cash items in process of collection...	\$ 507,866.84
United States Government obligations, direct and guaranteed	1,163,891.04
Obligations of States and political subdivisions.....	212,660.53
Other bonds, notes and debentures.....	20,314.40
Corporate stocks (including \$3,000.00 stock of Federal Reserve bank).....	3,000.00
Loans and discounts (including \$34.22 overdrafts).....	656,508.10
Bank premises owned \$ None, furniture and fixtures \$2,151.00	2,151.00
Real estate owned other than bank premises.....	1.00
Other assets	1,000.00
TOTAL ASSETS	\$2,567,392.96

LIABILITIES

Demand deposits of individuals, partnership, and corporations	833,887.51
Time deposits of individuals, partnerships, and corporations	1,465,950.00
Deposits of United States Government (including postal savings)	5,693.75
Deposits of States and political subdivisions.....	95,052.52
Other deposits (certified and officers' checks, etc.).....	20,780.00
TOTAL DEPOSITS	\$2,421,371.38
Other liabilities	3,256.39
TOTAL LIABILITIES (not including subordinated obligations shown below)	\$2,424,627.77

CAPITAL ACCOUNTS

Capital*	50,000.00
Surplus	50,000.00
Undivided profits	89,760.78
Reserves	3,004.41
TOTAL CAPITAL ACCOUNTS	\$142,765.19
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	2,567,392.96

* This bank's capital consists of: First preferred stock with total par value of \$ one, total retirable value of \$ None; second preferred stock with total par value of \$ None, total retirable value of \$ None; capital notes and debentures \$ None; common stock with total par value of \$50,000.00.

Deposits of the State of Michigan (included in Item 16). 2,091.95

I, Robt. Kerr, Assistant Cashier of the above-named bank, hereby certify that the above statement is true to the best of my knowledge and belief.

ROBT. KERR
 Correct—Attest: **D. C. BATES**
REX P. TEETERS
ELLIS J. BOWLER
 Directors

State of Michigan
 County of Shiawassee, ss
 Sworn to and subscribed before me this 23rd day of October, 1947.
 Thelma Cleveland, Notary Public
 My commission expires October 6, 1948.

December 17, 1947.

Mr. Rex P. Testers, President,
Shiawassee County Bank of Durand,
Durand, Michigan.

Dear Mr. Testers:

I am glad to learn from your recent letter that you have a favorable opinion of my statement of the problem presented by the present inflationary conditions. I feel sure that there is a growing recognition of the inflationary aspects of easy mortgage credit for housing to which you refer and also of the fact which you point out that we cannot continue the exportation of more than we receive. We are, however, confronted with the question how equilibrium can be attained without some interim assistance from this country in the rehabilitation of the economies of countries that have been devastated by war, and that is the problem now before Congress.

Sincerely yours,

M. S. Eccles,
Chairman.


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