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L. A. LIESCH, PRESIDENT
JOHN W. KREUL, VICE PRES.
A. KENNETH KERN, CASHIER
CLEO RAMBOUR, ASST CASHIER

The First State Bank

IN FENNIMORE

FENNIMORE, WISCONSIN

December 19th, 1947

DIRECTORS:
R. J. CAMPBELL
GEO. F. FRANTZ
A. KENNETH KERN
JOHN N. KRAMER
JOHN W. KREUL
L. A. LIESCH
HAROLD PLATTNER

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

Dear Sir:

I have received your letter dated December 15th in answer to my previous letter and wish to thank you for your prompt reply. However, in your letter you fail to answer several questions that I really would like to have answered. I have made a study of your reserve program and while I feel it has some benefits I also feel that the banks as a whole stand to lose a great deal of customer good-will in case we are put in a position that we are unable to grant loans for legitimate purposes.

I particularly wanted you to answer in which way you would be able to curtail the Government loan activities such as the Production Credit Associations, the Federal Land Banks and various other Federal Loaning Agencies. I also wanted you to answer what curtailments you would have over the loaning activities of Life Insurance Companies and Finance Companies. I can see no benefit in raising the reaarve requirements of banks which retards our loaning activities while the other loaning agencies continue on freely in their regular course of business. It just doesn't make sense that a legitimate borrower is refused a loan by a bank whereas, he can go to some other loaning agency and be granted a loan. In this particular case I can't see



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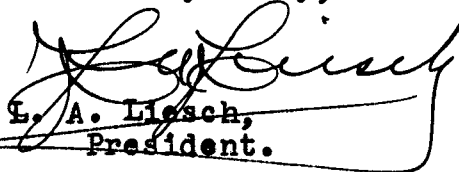
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how we have accomplished anything outside of having the man feel resentful toward the bank in that his loan application was refused. It doesn't mean anything to the individual borrower if we explain that because of reserve requirements we are unable to make this loan because this is something he doesn't understand. He remembers only that he was turned down and refused a loan by his bank and if you multiply this situation many fold you know that sooner or later there will be again requests for more Federal Loaning Agencies.

You also failed to answer my question regarding the nationalization of banks. I know it is a general feeling among bankers that this is the first step taken by the Government and your Board of Directors in trying to force the banks into this program.

I will appreciate hearing from you further regarding the unanswered questions I have referred to.

Yours very truly,


L. A. Liesch,
President.

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