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WALTER PHIFER, ASS'T CASHIER
MORRIS MOORE, ASS'T CASHIER

GLENWOOD STATE BANK

CAPITAL \$50,000?? SURPLUS \$50,000??

GLENWOOD, IOWA

Dec. 30. 1947.

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

Dear Sir:-

We have a copy of your current inflation problem, causes and controls.

We are a small bank 5,000,000.00 in a small town, 4000, in a farming community. We do not think it is the loans we or the banks make that will cause the inflation as we think any bank that went thro the trouble yrs ago will try and be on the safe side this time.

What is causing the inflation in Glenwood and other towns is the GOVERNMENT agencies that make and guarantee loans. The F H A will guarantee loans on homes at 90% of cost, the G I bill will guarantee at 100%. The price of houses has gone up 100% since they have started this. We know of a lot of loans that have been made and guaranteed by the government where the purchaser has the home and money in his pocket from the deal. If a person can buy a home get the home and some cash, it does not make any difference what they pay. The other F H A loans they make, even if they know they are not good, as the government takes them over when they miss a payment, the loan is just made to make the sale. The P C A will take loans no bank examiner will pass. The federal land bank will loan 75% of the cost of any farm, not the value.

The way we see it the government agencies are what is causing the inflation and in the end they will own so much property and have to put up so much money the government will not be able to sell bonds fast enough to pay the bill.

Yours Very Truly,

January 2, 1948.

Mr. L. C. Dean, Cashier,
Glenwood State Bank,
Glenwood, Iowa.

Dear Mr. Dean:

On behalf of Chairman Eccles who is spending the holidays in Utah, I wish to acknowledge your letter of December 30.

You may not have seen the additional statement which Mr. Eccles presented at the same time he read the one on the broader aspects of the current inflation problem. This separate statement deals with the housing matter which you discuss and I am enclosing a copy because of your interest in the subject.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

Enclosure

ET:b