

**L. L. CORYELL & SON**

AND ASSOCIATED CORPORATIONS

E. &amp; O. E.

GENERAL OFFICES

LINCOLN 8, NEBRASKA

April 16, of Coryell's  
54th Year -- 1948Marriner S. Eccles  
Federal Reserve Board  
Washington, D. C.

Dear Sir:

I am not so green as to think that perhaps this personal letter to you will never reach you. It will probably be answered by the 17th secretary. I respect the opinion that you made in the Governmental Affairs of the Chamber of Commerce of the United States, dated April 13th, but I don't believe a word of it.

I complain about the assertion that the Federal Reserve Board should have power to increase or decrease reserves, etc, but the real essence of that is they have an indirect power to control the value of circulation. That is what I complain of. I think that the circulation should remain the same year in and year out, with due allowance, of course, for natural losses, such as a ship like the Titanic with eleven or twelve million of our money. I think that should be accounted for with increased circulation as nearly as possible. I many times, carry heavy indebtedness. Sometimes I am lucky enough to be out entirely. Sometimes I buy rather heavy enterprizes. Suppose I buy an enterprize and give my note, that is on the basis of the present circulation and present conditions. I hold that double of circulation or holding back loans would increase my indebtedness. I want to pay the same kind of debts that I create. If I go in debt \$1000., \$50,000., or \$100,000. I do not want the Federal Reserve bank to make my debt bigger or lesser. It always has caused trouble. If they say \$35.00 per capita circulation and someone like Roosevelt or someone else comes to power and raises that circulation up to about \$200.00 per capita, I hold that that would decrease my indebtedness six times. I can very easily borrow a million dollars, and it isn't for a Federal Reserve Board to make short the circulation and thereby increase my indebtedness. If you could assure me the fact that no administration will cut down this money, I know whether to borrow or not to borrow, or at least I think I do. In my mind, no Federal Reserve Board should have the power to restrict loaning banks, or to do as our administration has for 15 or 16 years, flood the country with paper money, and thereby make money easy to get and to help me to pay off debts.

Some years ago I bought land, say at \$150.00 an acre. Corn was 25¢ a bushel. I just sold a crop of corn off one of my farms for \$2.63 a bushel. In other words, the man from whom I borrowed the money didn't get what I agreed to give him. Corn has gone up from 25¢ to \$2.63, which in my mind, is just unfair and unjust, and a little short of cruel. Now, in 1948 (this year) our circulation went down three-quarters billion dollars. Who did it and what for, and who had the right? They have raised my ability to pay for property which I have bought by taking away that much money. This month they are short again.

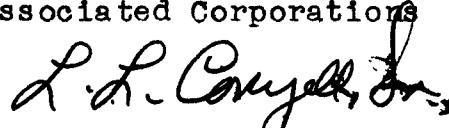
Harriner S. Eccles  
Washington, D. C.

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Here are the reduction figures for January. Suppose they keep that up for a year or some Federal Reserve bank kept it up two years. Suppose I bought something. You would put me out of business. Where am I wrong Mr. Eccles? Of course, you won't answer this, but let one of your smart clarks answer it.

Respectfully,

L. L. CORYELL & SON  
And Associated Corporations



By: L. L. Coryell, Sr.  
President

LLC:SR::LB

UNITED STATES MONEY

Per Capita

<u>Kind of Money</u>	<u>Dec. 31, 1947</u>	<u>Jan. 31, 1948</u>	<u>Amt. Down</u>
Gold Certificates	0.32	0.32	.00
Standard Silver Dollars	1.06	1.05	.01
Silver Certificates	14.03	13.38	.65
Treasury Notes of 1890	.01	.01	.00
Subsidiary Silver	6.24	6.11	.13
Minor Coin	2.36	2.33	.03
U. S. Notes	2.16	2.08	.08
Federal Reserve Notes	169.14	164.57	4.57
Federal Reserve Bank Notes	2.60	2.58	.02
Natl. Bank Notes	.71	.70	.01
	<u>198.63</u>	<u>193.13</u>	<u>5.50</u>

In Circulation

Gold Certificates	46,674,889	46,333,409	341,480
Standard Silver Dollars	154,048,795	153,409,584	639,211
Silver Certificates	2,039,203,800	1,947,057,620	92,146,180
Treasury Notes of 1890	1,146,416	1,146,416	
Subsidiary Silver	907,529,941	889,934,471	17,595,470
Minor Coin	342,788,782	338,880,245	3,908,537
U. S. Notes	313,403,435	303,431,495	9,971,940
Federal Reserve Notes	24,581,661,075	23,953,088,975	628,572,100
Fed. Reserve Bank Notes	378,449,109	375,118,824	3,330,285
Natl. Bank Notes	102,725,325	102,177,925	547,400
	<u>28,867,631,567</u>	<u>28,110,578,964</u>	<u>757,052,603</u>

Held by Federal Reserve  
Bank and Agents

January 4,405,282,761  
December 4,135,866,851

269,415,910 Increase

April 21, 1948.

Mr. L. L. Coryell, Sr.,  
President, L. L. Coryell & Son,  
Lincoln 8, Nebraska.

Dear Mr. Coryell:

This is to acknowledge your letter of April 16.  
You ask me where you are wrong.

In the first place, it seems to me that you do not have the matter of currency circulation in correct focus. As a businessman, you know that by far the greater part of our money transactions are settled by checks, not by currency. Hence, the volume of bank deposits, primarily demand deposits, is a much more significant factor than the volume of currency outstanding. For example, in February demand deposits of all banks amounted to more than 84 billion dollars. The amount of currency outside of banks was about 25 billions. The amount of currency in the hands of the public depends upon public demand for it. In other words, the initiative or option as to the amount of currency outstanding rests with the public and not with the banks or the Government.

Secondly, I get the impression from your letter that you have been misinformed about the Federal Reserve System and its purpose. Because of your evident interest, you might feel like taking the trouble to read and study the enclosed booklet which undertakes to present in a relatively brief manner the purposes and functions of the Reserve System.

Sincerely yours,

M. S. Eccles.

Enclosure

ET:b