

THE LINCOLN SAND & GRAVEL CO.

PRODUCERS OF

WASHED SAND  AND GRAVEL

"ONE CAR OR A TRAIN LOAD"

LINCOLN, ILLINOIS

May 1, 1951

Mr. Marriner S. Eccles
Member Federal Reserve Board
Washington, D. C.

My dear Mr. Eccles:

I was distressed last Saturday to read your testimony before the Senate Committee on the R.F.C. You, as a banker, of course know that the R.F.C., as an institution, cannot defend itself. Yet, people who will read your comments made before the committee will accept them as justified 100% - because the High Priest, Rosenbaum, either ordered, guaranteed the credit for the fur coat or loaned the money. So did Judas sell out for thirty pieces of silver - then we should "sack" the Christian Religion because of the traitor mixed in it?

Sure, there have been some unjustified and unsound loans (for instance, Lustron) - you would not have made it. Since you have been in Washington, certainly the R.F.C. is not the only thing that may trend to Socialism. The select few come to light but what about banks that were saved and now serve thousands of others - ~~what about this Company, which has made four different loans that never could or would be made by banks.~~ The loans have all been paid. I don't know that you will be interested - however, I am enclosing our financial statement as of January 1st, 1951. The first loan took a long time to sell as we were going thru 77 B, but no politics, no fur coats, no dinners, no nothing were involved. Our total loans were, of course, small but vital to us - \$130,000.00, the first one thru Emil Schram, now President of the New York Stock Exchange. In my judgment no man in United States could or can influence him against his better judgment.

If the R.F.C. has failed it is men, not the institution. I could write a history on banking and R.F.C. experience.

I wish to make two comments in closing. W. P.G. Harding, an outstanding banker, as Chairman of the Federal Reserve Board, increased rediscount rates to reduce inflation in 1920 - he never proposed increase reserves. The increase of the rediscount rate is a definite red light of danger - it will flash into every bank in the country. The individual banks will act on that - then let them alone. It may be that you have read the statement in Barrons, November 13, 1950, "Our Fiscal and Banking Policy". It is the Swan Song of R. C. Leffingwell, Vice Chairman of J. P. Morgan & Co, as he retired. I consider it outstanding and justified reading

Mr. Marriner S. Eccles

and study by any man who is responsible in a financial capacity.

I confess to be at a loss to judge the future, therefore, I am definitely and firmly of the opinion that the liquidation of the R.F.C., because management fails is rash - you know what liquidation is - from now on the R.F.C. will be more cautiously managed - and who is to say we are not going to need it - not me!

Very truly yours,

President

THE LINCOLN SAND & GRAVEL COMPANY

F.W.Longan/hlw

May 4, 1951.

Mr. F. W. Longan, President,
The Lincoln Sand & Gravel Co.,
P. O. Box #67,
Lincoln, Illinois.

Dear Mr. Longan:

I received your letter of May 1, enclosing a financial statement of the Lincoln Sand and Gravel Company. I have read the statement and in accordance with your request I am returning it to you herewith. I am also enclosing a copy of the full text of my statement on April 27 before the Senate Banking and Currency Committee favoring the abolition of the Reconstruction Finance Corporation.

Very truly yours,

M. S. Eccles.

Enclosure