

SUBURBAN BANK & TRUST COMPANY

August 22, 1966

Honorable Lyndon B. Johnson
President of the United States
Washington, D. C.

Dear Mr. President:

The inflationary psychosis in the economy of the United States is frightening.

Failure of the Congress and your Administration to adopt the needed spending and other restraints has thrown a terrible (and probably intolerable) load upon the Federal Reserve System. There is no predictable ceiling to which interest rates may have to go to do the job with the Federal government continuing its enormous spending programs on top of soaring Viet Nam expenditures.

Analysis of the problems of the Eisenhower Administration suggests that a major one was too rapid rise in wages, throwing our costs out of balance in international trade. During the Kennedy years this imbalance tended toward rectification due (1) to the Kennedy ability to control wage increases and (2) to the more rapid rise in wages abroad. Now, in your Administration we find the wage-price spiral at work again. Somehow your economists fail to recognize the grave danger of collapse that lies ahead if the economic temperature is not reduced at once.

How comforting it would have been to have a great back-log of this spending available for immediate use in the time of need, instead of using up this "ammunition" during the "overheated" period in which we have found ourselves for nearly a year! Now, what do we have available to stem the tide of recession after we go through the developing wild inflation (which could have been so easily avoided with proper action at the proper time)?

We fear that the hour is now too late for prevention of serious consequences.

Respectfully yours,

C. H. Goppert
Chairman of the Board
15 Missouri & Kansas Banks

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