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The Independent Bankers Association

Office of the Secretary  
Sauk Centre, Minnesota

October 19, 1937

Honorable Franklin D. Roosevelt  
White House  
Washington, D. C.

Dear Mr. President:

We have just returned from the American Bankers Association Convention. We are apologetic for its program. An organization that brings a discredited college president from a liberal state to criticize a liberal Administration indicts itself with its own stupidity. Condemning your Administration in entirety alienated what little public support the Association might have had. They played, Mr. President, into your hands.

This big Association is not a democratic organization. The control is closely held. We independent bankers had difficulty in wrangling consideration on the branch bank issue. The A.B.A. does not represent the views of the bankers of this country any more than does the Chamber of Commerce of the United States represent the views of the business men in general or the American Bar Association represent the legal profession. If there is room for a Lawyers' Guild, there is surely room for a new influence in American banking, and, Mr. President, that influence is being developed.

Mr. President, haven't you given too much consideration to the aristocracy in American banking? Doesn't the political philosophy of us smaller bankers correspond more closely to yours? You are opposed to the concentration of financial power in few hands. Can we not have more recognition in some of the policy forming Federal agencies? The many Main Streets are surely as important as Wall Street.

Yours very truly,

(s) Ben DuBois

Ben DuBois  
Secretary

BD:EW

November 8, 1937

MEMORANDUM FOR : The President  
FROM : Chairman Eccles

The attached suggested reply to Mr. DuBois' letter is purposely draw as a rather pro forma acknowledgement. I can well understand that Mr. DuBois might well have impressed you as being deserving of an encouraging answer. To one who does not know the devious ways of Mr. DuBois, the letter is very appealing. However, all that glitters is not gold.

The Independent Bankers Association (Minneapolis) of which Mr. DuBois is Secretary, consists mostly of the smaller banks in the rural communities of the State. This Association has had a leading part in supporting that element of the American Bankers Association which has been most bitterly critical of your Administration. They were particularly active at New Orleans in bringing about the election of Mr. Orval Adams. Incidentally, it was the "Main Street bankers" all over the country who supported Adams.

The great majority of members of the Association are State banks, not members of the Federal Reserve System, although there are a few national banks and State "member" banks. The principal activity of the Association is to fight branch banking but it is almost equally hostile to the Federal Reserve System. It is on record as opposed to the provision of the Federal Reserve Act which requires all insured nonmember State banks, having \$1,000,000 or more of deposits after 1941, to be members also of the Federal Reserve System. And it favors a relaxation of the Federal Deposit Insurance Corporation regulations so as to provide insurance for State banks with capital under \$25,000, the present minimum. There are many banks in Minnesota with a capital of \$10,000.

One of the principal reasons for the hostility of Mr. DuBois' Association to the Federal Reserve System is the matter of exchange charges. As you know, the members of the Federal Reserve System must pay their own checks at par, whereas the independent nonmember State banks, as a class, make a practise of charging exchange on their own checks. This practise is entirely unsound but is very energetically defended by Mr. DuBois and his Association.

From the above program of the Independent Bankers Association, I think you can see at a glance that it is pointed in the opposite direction from unification and the necessary extension of branch banking in limited territory so as to provide sound and safe banking service for all the people. The Association stands for the perpetuation of the dual banking system with a multiplicity of small weak banks in rural areas,---in other words, the kind of banking structure which brought disaster to the country and which had to be bailed out by the government in 1933.

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Mr. Ben DuBois, Secretary  
The Independent Bankers Association  
Sauk Centre, Minnesota

Dear Mr. DuBois:

This will acknowledge your letter of October 19 which you evidently wrote as Secretary of the Independent Bankers Association. I must say your letter is effectively penned and I am glad to have the expression of support and good will toward the Administration expressed therein. I note your comments regarding the American Bankers Association and can assure you that I have always been equally interested in the point of view of the Main Street banker, as you put it, along with the opinion of the prominent banker in the financial center.

Thanking you for your interesting letter, I am

Yours sincerely,

LC/fgf

