

111.2-70

March 11, 1935.

Mr. C. A. Richmond, President,  
Geo. S. Colton Elastic Web Co.,  
Easthampton, Mass.

Dear Mr. Richmond:

Replying to your letter of March 6th, the quotation from the paper, to which you refer, is not correct. It is a gross misinterpretation of my testimony before the House Banking and Currency Committee.

I can best answer your letter by sending you a copy of my entire testimony before the House Banking and Currency Committee on March 4, 5, and 6. From this you can best judge for yourself my attitude toward banks. I am one of the best friends the banks have in the Administration. One of the chief purposes of Section 2 of the Banking Act of 1935 is to liberalize our banking loans so as to make it possible to get the Government out of the lending business and the banks back into it. Unless something of this sort is done it will be difficult for many of the banks to be able to exist. Outside of New England and New York you must realize that the savings of the people, amounting to \$10,000,000,000, are carried in commercial banks. There is no field to invest these funds except in long term real estate loans or long term bonds in the same manner as the insurance companies and mutual savings banks in your section of the country invest their funds. Otherwise the Government seems to be the only agency willing to furnish long term capital, the banks taking the bonds guaranteed by the Government and the Government agencies (HOLC, FCA and RFC) taking the bank loans.

I recognize that there is very little demand for short term borrowing in the present depressed state of business. There is, however, some demand for long term credit in many sections of the country, if it can be secured on favorable terms. Without the necessary changes in the present banking laws banks would be both unable and unwilling to extend the long term credit required.

If you will read the enclosed testimony which I gave before the House Banking and Currency Committee, particularly that given on March 5th and 6th, I believe you may feel different about my attitude toward banks, as well as about the proposed Banking Bill of 1935.

Sincerely yours,

M. S. Eccles,  
Governor.

Enclosure.