

C O P Y

UNITED STATES SENATE
Committee on Appropriations

February 2, 1948

Mr. Carroll F. Byrd
First National Bank
Willows, California

My dear Mr. Byrd:

I have received your letter of January 29 with respect to Senate Bill 829, to control and regulate bank holding companies.

I have also received the pamphlet you sent me that was issued by your association. I appreciate having this and your courtesy in writing me.

I assure you that my stand on this does not indicate opposition to free enterprise or traditional competition. The fact of the matter is, certain amendments to this bill are now in the process of being drawn up and my support or opposition to the bill will depend upon the form the proposed amendments take. But I assure you that I will approach this whole matter from a strictly impartial point of view and use my good judgment in deciding my ultimate stand in the matter.

Thank you again for your letter, and I extend my kind regards.

Sincerely,

Pat McCarran

CARROLL F. BYRD
PRESIDENT

A. R. DAWSON
VICE PRESIDENT

FRANK WORTMAN
TREASURER

S. B. LAFROMBOISE
SECRETARY

INDEPENDENT BANKERS ASSOCIATION

TWELFTH FEDERAL RESERVE DISTRICT
INCORPORATED

EXECUTIVE MANAGER — R. F. HOLLISTER

802 FAILING BUILDING
PORTLAND 4, OREGON

February 9, 1948

EXECUTIVE COUNCIL

J. R. MCEVOY, FIRST NATIONAL BANK, HOLBROOK, ARIZONA
ROBERT S. BEASLEY, BEVERLY HILLS NATIONAL BANK AND TRUST COMPANY, BEVERLY HILLS, CALIF.
CARROLL F. BYRD, FIRST NATIONAL BANK, WILLOWS, CALIFORNIA
M. F. JELINEK, BANK OF OROFINO, OROFINO, IDAHO
A. R. DAWSON, CASSIA NATIONAL BANK, BURLEY, IDAHO
R. L. DOUGLASS, THE SECURITY NATIONAL BANK, RENO, NEVADA
E. T. WAY, GRANT COUNTY BANK, JOHN DAY, OREGON
FRANK WORTMAN, FIRST NATIONAL BANK, MC MINNVILLE, OREGON
HENRY R. HURREN, CACHE VALLEY BANKING COMPANY, LOGAN, UTAH
H. A. GARDNER, BANK OF SPANISH FORK, SPANISH FORK, UTAH
V. J. BOUILLON, THE WASHINGTON NATIONAL BANK, ELLENSBURG, WASHINGTON
S. B. LAFROMBOISE, FIRST NATIONAL BANK, ENUMCLAW, WASHINGTON

~~XXXXXXXX~~ REPLY ~~XXXXXX~~ TO

Carroll F. Byrd, President
First National Bank
Willows, California

Senator Pat McCarran
Senate Office Building
Washington, D. C.

Dear Senator McCarran:

Thank you for your letter of February 2.

The Independent Bankers Association of the 12th Federal Reserve District and all of its officers, past and present, have virtually been a part and parcel of the movement to obtain necessary bank regulatory legislation for about seven years. We believe we are fully aware of practically all of the present activities now taking place in Washington appertaining to S. 829.

For the past two and one-half years we have retained Colonel Frank W. Wozencraft, of the law firm of Case and Wozencraft, Southern Building, Washington, D. C., as our Legislative Counsel. I shall ask Colonel Wozencraft to call upon you in the near future as our representative.

I am enclosing a marked copy of the advertisement published by the First National Bank of Willows (California) in the February 6, 1948, issue of the New York Edition of the Wall Street Journal. A similar advertisement will also appear in a very early issue of the American Banker, - possibly on February 9 or 10.

I shall assume that you know practically everything about this bill, or otherwise you would not have taken the initiative in holding it up.

You therefore no doubt are well aware of the fact that the present bill is only a mildly regulatory bill, and the result of many compromises. Many officials high in the councils of the government, as well as many Senators and Congressmen, have always taken the attitude that there should be no compromise with an economic evil of this vital importance to the American people, and have always stood

EXCLUSIVE REPRESENTATIVE OF INDEPENDENT BANKS IN

2/9/48

for a "kill bill" or at least a "freeze bill". It is needless to say that this is a type of legislation we would prefer.

On the other hand, many members of Congress of great political experience have convinced both the federal banking supervisory agencies and many of the leading bankers of the nation that this milder form of bank regulatory legislation is all that it is possible to get at the present time, from a purely political angle. A kill bill or a freeze bill (as in the case of public utilities) can perhaps only be enacted during times of stress or depression, by reason of the political fences that the opponents of this type of legislation can build up, during a period of boom, to prevent the enactment of more drastic legislation.

I have very good reason to believe that literally thousands of bankers and financial experts throughout the country very much fear that any substantial "shake out" or depression might very easily result in the socialization of all banking in the United States unless this milder form of bank holding company regulatory legislation is enacted at the present time. I feel quite sure that it is the general opinion of the general banking fraternity and financial experts that it should not be necessary for this country to place itself in the position, during any temporary future period of stress, to burn down the barn in order to get rid of a few rodents. I believe that you will agree that any type of legislation that is enacted under the stress of public emotion during a period of economic disturbance, is not the most desirable form of legislation.

The writer is not so presumptuous, as a small "cow town banker", to ask you to believe that I speak for the banking fraternity and financial experts of the United States, - but it is my personal belief that the opinions above expressed are also held by a majority of the members of the Board of Governors of the Federal Reserve System, as well as many leading bankers of the nation.

If such were not the fact, why would forty-one nationally known economists call upon Congress to enact regulatory bank holding company legislation; and why did the Board of Governors, the Federal Advisory Council, the National Association of Supervisors of State Banks, the Reserve City Bankers, and the state banking associations of eleven states recommend bank holding company regulatory legislation.

If any of the remaining teeth of this bill are going to be extracted by stultifying amendments, the opponents of the legislation can of course claim a decisive victory.

You state in your letter that your support or opposition to the bill will depend upon the form the proposed amendments take. I am sure that none of the proponents of this legislation would object

2/9/48

to any technical amendments that would receive the approval of the Board of Governors of the Federal Reserve System in order that the legislation might not work an undue hardship on any bank or holding company that is carrying on a reasonable type of banking business that is not conducive to monopoly. On the other hand, I sincerely hope and trust that you have no idea of demanding amendments that would result in a useless piece of legislation that would fail to accomplish the required purpose.

I am mailing a copy of your letter to me, dated February 2, 1948, together with this letter of reply, to all members of the Executive Council of this Association; to Frank W. Wozencraft, our Legislative Counsel; and to all members of the Legislative Committee of this Association; as all of us are vitally interested.

Thanking you again for your courtesy in writing me, and sincerely trusting that you will see fit to make a very thorough investigation of the purposes and phraseology of this bill before taking any further stand that might obstruct the early enactment of same, I remain

Very respectfully yours,

CARROLL F. BYRD

CFB:p