

June 26, 1935.

Mr. A. P. Giannini, Chairman,
Bank of America, N. T. & S. A.,
San Francisco, California.

Dear Mr. Giannini:

It has been some time since I received your letter of June 5, in which you enclosed a copy of the Christian Science Monitor of June 1, containing comments on your statement of May 31. As you stated, it is a mark of distinction to receive special attention from this newspaper. My feeling is that your two statements have been very effective and that you have done more than any other one person to offset the propaganda of the big bankers and the various State associations who have simply repeated the former's phrases that the bill is prejudicial to the banking interests of the country.

I just noticed that The Nation of June 26 contains an editorial also an article by Sassoon G. Ward, both of which would appear to be imbued with your spirit. The big bankers are properly pointed to as the real enemies of the bill and Senator Glass is shown as the friend of the big bankers and banker control. Mr. Ward quotes your statements regarding Mr. Warburg, which again testifies to the fact that your statements have been remembered and have had an important effect. If you have not read this issue of The Nation, please get it as I am sure you will enjoy it.

Mr. McCarthy and Mr. Bennett were both here last week and we had several pleasant reunions together.

Although much can happen between now and the time this letter reaches you, it appears at present that Title II will be kept in the bill and that the whole thing should be out of the way before the middle of July. Senator Glass was successful in getting a joint resolution through the full committee for a year's extension of the temporary insurance. This, of course, looks like a scheme to wide-track the entire banking bill, although Senator Glass stated in yesterday evening's Star that there is not truth in such a suggestion and that he expects to be able to report the entire bill out in a few days. The leading bankers of the American Bankers' Association are now thoroughly convinced, I believe, that it is to their interests that Title II be enacted at this time. They are quite certain of obtaining important concessions in the make-up of the open market committee and very likely there will be some restriction upon the power of the committee to change reserve

Mr. A. P. Giannini - 2.

requirements. The important features of the bill, however, will be retained, in my opinion, but even so the bankers will do well to see that the bill is enacted now. If they should foolishly permit Title II to be defeated, they are very likely to get something much more drastic after the next presidential election. These, of course, are my personal reflections based upon developments to date. Things, however, are moving fast and it is difficult to predict exactly what the outcome will be.

With best wishes, I am

Yours sincerely,

(Signed) Lawrence Clayton

Lawrence Clayton,
Assistant to the Governor.

LC/lcm