

July 22, 1936

Mr. A. P. Giannini
Bank of America
San Francisco, California

Dear Mr. Giannini:

In this morning's mail I received a preliminary draft of your guest editorial. I checked this through and find nothing to suggest except perhaps the elimination of the first paragraph at the top of page 2. This paragraph is entirely correct but I question the wisdom of telling the public that the banks now have a greater spread than before and that they have a plethora of commercial deposits on which no interest is paid. The casual reader might feel prejudiced against the banks by reason of these facts. Your article stresses particularly the opportunity of the commercial banker to retail credit instead of wholesaling credit. By this you mean, of course, lending directly to the borrowers rather than to invest in bonds, either governments or of credit institutions, thereby supplying funds which these other institutions use for their retail credit operations.

Before your copy arrived I had prepared an article very much along the same lines, but stressing the opportunity of the banker, in view of deposit insurance and section 10b of the Federal Reserve Act, to enlarge his credit fields and to offer now a variety of types of credit instead of some special type namely commercial loans as heretofore. I am sending my article along for your consideration but in view of the excellent copy you have sent along I shall not feel at all disappointed if you simply chuck mine into the wastebasket or put it on ice.

With kindest personal regards, I am

Yours sincerely,

LC/fgr

Lawrence Clayton
Assistant to the Chairman