

THE AMERICAN BANKERS ASSOCIATION

OFFICE OF THE PRESIDENT

WACHOVIA BANK AND TRUST COMPANY
WINSTON-SALEM, N. C.

June 29, 1940.

ROBERT M. HANES
PRESIDENT

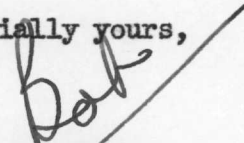
Hon. Marriner S. Eccles, Chairman,
Board of Governors of the Federal Reserve System,
Washington, D. C.

Dear Marriner:

I am enclosing herewith copy of a letter which has been sent to about 15,000 banks in the country. I shall deeply appreciate any criticism or suggestion you might have regarding it after you have had an opportunity to read it. We are trying in every way to stimulate bankers to make every effort to fill the credit needs of their communities.

It was nice to see you in your office on Monday and I shall have the pleasure of a visit with you again soon.

Cordially yours,


R. M. Hanes,
President.

THE
AMERICAN BANKERS
ASSOCIATION

22 East 40 Street, New York, N. Y.

BRANCH OFFICE
WASHINGTON BUILDING, WASHINGTON, D. C.

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ROBERT M. HANES, PRESIDENT
WACHOVIA BANK & TRUST CO.
WINSTON-SALEM, NORTH CAROLINA

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RESEARCH IN MORTGAGE AND
REAL ESTATE FINANCE

WILLIAM POWERS, DIRECTOR
CUSTOMER RELATIONS

June 27, 1940

To the Members
American Bankers Association

Dear Fellow Member:

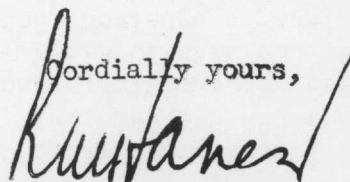
The government is launching a huge program for the defense of the United States. I am sure you have been thinking about how this program is to be financed and how the banker can help. The required financing will take two forms: direct expenditures by the government financed by the sale of federal securities, and the financing of business concerns which have government contracts.

My own belief and that of others with whom I have discussed this question is that both sorts of financing can and should be carried out through the normal existing channels, without the creation of new agencies, mechanism or devices. The banks of this country have the resources, the trained personnel and the knowledge of their own communities, which equip them, along with the investment markets, to handle a very large part of the necessary financing. This financing can be carried out in such ways as will enable the banks to provide an adequate volume of loans and at the same time safeguard the funds of their depositors.

All banks should be actively and energetically soliciting every sound loan in their communities. Especially is it true that they should try in every possible way to make every loan that has anything to do with the defense program.

In presenting these views to Congress, the Administration, and the public, your officers will be reassured if they can feel that they have the concurrence and support of the membership of the Association. Therefore, if you agree I shall appreciate it if you will telegraph me to that effect immediately.

Cordially yours,



Robert M. Hanes
President

FROM:
AMERICAN BANKERS ASSOCIATION
THE NEWS BUREAU
Lester Gibson, Director
22 East 40 Street, New York, N.Y.
6/26/40

RELEASED FRIDAY MORNING
JUNE 28, 1940

A.B.A. HEAD SAYS DEFENSE CAN BE FINANCED
THROUGH NORMAL CHANNELS

New York, June 27. - Financing of the national defense program "can and should be carried on through the normal existing channels without the creation of new agencies, mechanism or devices," banks of the country were told in a letter sent to members of the American Bankers Association throughout the country tonight by Robert M. Hanes, president of the Association, in which he urged support of the defense program.

Mr. Hanes urged the banks to "try in every possible way to make every loan that has anything to do with the defense program."

His letter follows:

"The government is launching a huge program for the defense of the United States. I am sure you have been thinking about how this program is to be financed and how the banker can help. The required financing will take two forms: direct expenditures by the government financed by the sale of Federal securities, and the financing of business concerns which have government contracts.

"My own belief and that of others with whom I have discussed this question is that both sorts of financing can and should be carried out through the normal existing channels, without the creation of new agencies, mechanism or devices. The banks of this country have the resources, the trained personnel and the knowledge of their own communities, which equip them, along with the investment markets, to handle a very large part of the necessary financing. This financing can be carried out in such ways as will enable the banks to provide an adequate volume of loans and at the same time safeguard the funds of their depositors.

"All banks should be actively and energetically soliciting every sound loan in their communities. Especially is it true that they should try in every possible way to make every loan that has anything to do with the defense program.

"In presenting these views to Congress, the Administration, and the public, your officers will be reassured if they can feel that they have the concurrence and support of the membership of the Association. Therefore, if you agree I shall appreciate it if you will telegraph me to that effect immediately."

July 3, 1940.

Mr. R. M. Hanes, President,
The American Bankers Association,
Wachovia Bank and Trust Company,
Winston-Salem, North Carolina.

Dear Bob:

I have yours of June 29 with which you enclosed a copy of a circular letter of June 27 to all members of the American Bankers Association, urging them to cooperate in financing the Government's defense program.

Since you ask me for my comments respecting the circular, I am glad to advise that I think it is a very effective appeal. I believe you already know that I have been consistently in favor of tapping the credit reservoirs already available in the banking system for the Government's requirements rather than to have new mechanisms set up, therefore, I can commend heartily your statement that this new financing "can and should be carried out through the normal existing channels". The only suggestion that I might have made with respect to your letter would have been the addition of the following to the end of the first paragraph: "or which supply products to such concerns." I understand that there are many companies, even of substantial size, engaged in the manufacture of war equipment, including airplane engines, which depend upon sub-contractors for a large proportion of the component parts of the finished product which they have contracted to furnish the Government.

With kind personal regards, I am

Very sincerely,

Marriner S. Eccles,
Chairman.

LC/VE
LC

FILE COPY

THE AMERICAN BANKERS ASSOCIATION

OFFICE OF THE PRESIDENT

WACHOVIA BANK AND TRUST COMPANY
WINSTON-SALEM, N. C.

ROBERT M. HANES
PRESIDENT

July 5, 1940.

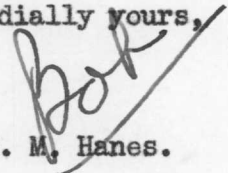
Hon. Marriner S. Eccles, Chairman,
Board of Governors of the Federal Reserve System,
Washington, D. C.

Dear Marriner:

Many thanks for the suggestion which you have made in your letter of July 3, which I think is both timely and helpful. I shall see that this is incorporated into any future letters we get out, and I am quite sure we shall have others.

With every good wish, I am

Cordially yours,


R. M. Hanes.