



FIRST NATIONAL BANK

IN ROCKWOOD

ROCKWOOD, TENN.

June 18, 1938

Mr. Marriner S. Eccles, Chairman
Federal Reserve Board
Washington, D. C.

Dear Sir:

I noticed comment by you regarding Government restrictions on Bank loans which is purported to be sent out in a letter of yours to Senator Vandenberg of Michigan. No doubt you are deluged with all types of letters from bankers higher up, but my opinion is that you receive very few letters from country bankers of small institutions.

We believe that we small country bankers come nearer holding the pulse of the patient under discussion than any other class of financial representatives of the United States. You, as an experienced banker and the head of America's financial structure, no doubt realize that laws governing the billion dollar institutions in New York are not workable in the small town of Rockwood, Tennessee. I am passing my thirty-third milestone in a country bank, and I heartily agree with you that the present laws and rulings of our National Banks were born of mistaken ideas. We have passed through the disastrous period in banking, and business, no doubt, would forge ahead to normalcy if our banking institutions were not hedged in as they are at present.

If banks are to act as the lifeblood of economics, why is it that we are tied hand and foot, and the Federal Savings & Loan Associations are being allowed to compete with us for the choice real estate loans, and are authorized to pay 4% on money guaranteed, whereas, we are only allowed to pay 2% with the guaranty? Also, we are in competition with our local Post Office for Savings Accounts. Two Government agencies that are taking capital from the channels of trade, and we are expected, as commercial banks, to build back the financial structure of the country, and yet keep ourselves 75% liquid.



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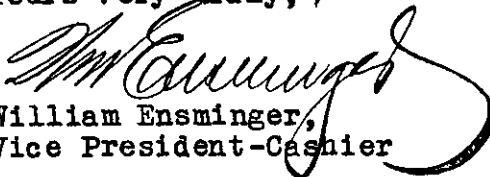
ROCKWOOD, TENN.

Page #2; Mr. Marriner S. Eccles.

You are right, Mr. Eccles, and you should be complimented for your utterances by all bankers in the rural section.

Thanking you for your time, I am

Yours very truly,


William Ensminger,
Vice President-Cashier

E/C

June 27, 1938.

Mr. William Ensminger,
Vice President-Cashier,
First National Bank,
Rockwood, Tennessee.

Dear Mr. Ensminger:

This is to acknowledge receipt of your letter of June 18, with reference to my recent letter to Senator Vandenberg, in which I commented upon the unduly severe restrictions placed upon the lending and investing functions of the banks.

I have heard from a large number of officers of banks and other business men in all parts of the country since this issue was raised, and I have found it very reassuring to know that based on their practical experience they are sympathetic with what the Board has been attempting to do and has succeeded in bringing about under the agreement just announced.

I particularly appreciate your letter and I want to thank you for your courtesy in writing.

Very truly yours,

M. S. Eccles,
Chairman.

ET:mlh