

RALPH I. CORYELL
BIRMINGHAM, MICHIGAN
June 22, 1938.

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

Dear Mr. Eccles:

According to news reports the policy of bank loans in regard to the expedition of business has come up for discussion and you are reported as in favor of a liberalization of present banking procedures.

Our business and banking practices are a matter of evolution and if they should ever freeze into a set pattern then we shall cease to progress in that phase of our civilization.

No matter how far we may progress in science, in production, in selling, in meeting the needs of the customers, if we fail in the handling of our finances at the crucial times our country will continue to have financial crises which might well be avoided or partially be bridged over by proper financial arrangements.

It is well known that at the present time bank loans are available in large quantity but are not used to any extent, for a variety of reasons. In Michigan we have new banks for the most part and the commercial loans of one of them are about 2½% of the total assets and of another about 1%.

On the other hand there are thousands of business men who could use money for varying periods to good advantage, providing they could be assured of a reasonable stability of market.

In order to get the borrowers and the lenders together it might be necessary now to devise some new terms of agreement, but the favorable factor of the utilization of a large amount of credit is that business would be stimulated and the probability of repayment would be many times increased over and above the present probability.

I have heard many times the argument that the depositors should be protected over and above the borrowers. But how? Is the money to be put in a vault and kept for them? Or are we to go back to the Bible and recall that the servant who utilized the talents to the best advantage was to be best rewarded?

2.

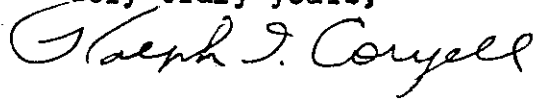
This country is a mass of movement, set up for action. It does not operate well in a depression, but it really operates fine at top speed.

A financial system organized on a flexible scale so as to accommodate varying loads of stress, but especially to encourage the spirit of individual enterprise will best serve the needs of industry and government.

A financial system acting merely in a secondary capacity to assist the Government and the banks, devoid of any imagination or initiative, will be a poor dead thing, unworthy of an active country like ours.

I do not know that I make myself clear but I think there is plenty of room for improvement in finance and I feel that there are men who are endeavoring to work these problems through. If the Government, the financial units and business will work together on these problems jointly we should arrive at a satisfactory solution more promptly.

Very truly yours,

A handwritten signature in cursive script, reading "Joseph J. Cuyler". The signature is written in dark ink and is positioned to the right of the typed name "Joseph J. Cuyler".

RIC/r

RALPH I. CORYELL
BIRMINGHAM, MICHIGAN

June 27, 1938.

Mr. Ralph I. Coryell,
Birmingham, Michigan.

Dear Mr. Coryell:

This is to thank you for your letter of June 22d with reference to liberalization of present banking procedures. As the announcement of the program agreed upon has now been made, you will note that considerable progress has been made, especially in regard to the financing of small and medium-sized businesses.

Your letter was of particular interest to me because it recognizes that the best way to protect the interest of the depositor is to make the banking system function in the interest of borrowers and the economy in general. Similarly, I was interested in and entirely agree with your view that the financial system should be organized, as you state it, "on a flexible scale so as to accommodate varying loads of stress, but especially to encourage the spirit of individual enterprise".

I felt that your letter reflected a very broad view of the problems involved in this whole subject, and I wanted you to know that I appreciate having your views and your courtesy in writing.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b