

First National Bank

Capital \$400,000.00

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Hattiesburg, Miss.,

April 8, 1943

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

Dear Mr. Eckles:

I have just read with much interest the front-page story carried by the American Banker under date of the 6th regarding your testimony before the House Banking Committee on April 5. You handled yourself well and with customary practicality, composure and skill. I was glad to see you bring out the fact that bank earnings as a whole have declined and that the trend is toward further decline. I think the public as a whole, and Congress and public officials in particular, should be better informed regarding the facts as a matter of best conserving the public welfare, to say nothing of recognizing the virtues of the merit system in compensation, which is the inspiration of all characterful enterprise.

The net earnings of this bank at the close of the first quarter of this year were \$14,131.00, which was at the rate of \$42,393.00 per annum on resources of \$13,983,300.00, and resources were down several hundred thousand dollars on that date. \$42,000.00 is a goodly sum, as such, but it is extremely small percentage on \$14,000,000.00.

Mr. Patman, whose principles I am sure are high, apparently is not an economist, as good as I am sure his intentions are. This isn't the first time he has been featured by the press as demanding that non-interest bearing bonds be purchased by banks, the Federal Reserve System in this particular instance. You very adroitly informed him that the Reserve System has a meat and bread problem, and that the Government would have to make appropriations for its support should its assets not produce revenues for the purpose.

The politicians either don't or will not understand the needs and necessities of banking, and they cannot appreciate that there are virtues in banking. While the people generally realize that banks are essential, nevertheless, there is a large segment of population that does not appreciate the essentiality of free banking to the usual freedom of habits and customs of individual liberty as established in our Constitution.

FIRST NATIONAL BANK
HATTIESBURG, MISS.

Hon. Marriner S. Eckles - 4/8/43 -- 2.

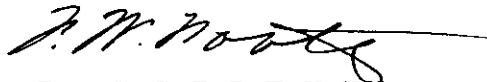
Statesmen understand, but, alas, their number is limited in the public life, and also in the business life.

Your cool courage, and the fruits of your culture have established in you broad understanding, and fortunately your sympathy is such that you lend yourself to the constructive side of questions. You occupy a high place in American life and the people have faith in you. Testimony such as you have just given and have heretofore uttered before the committees of Congress is very strengthening to public knowledge and education.

If something isn't done to induce the politicians and covetous people all down the line, where attention seldom dwells upon fundamentals, to cause such people to appreciate that they have a practical interest in banks, threatening conditions will grow worse. All should be made to know that depositors have about \$15.00 invested in banking to every \$1.00 of invested capital, that deposits represent all of the working capital of the country, and that the best interest of the entire population demands that the banks should earn at least enough to assure their solvency and to qualify them to enterprisingly and efficiently provide practical, economic services for the people.

You are, by character, naturally adapted to leadship, and you are well qualified for responsibilities. More power to you in this important realm of American life.

Sincerely,



P R E S I D E N T

FWF:IM

April 15, 1943.

Mr. F. W. Foote, President,
First National Bank,
Hattiesburg, Mississippi.

Dear Mr. Foote:

Your letter of April 8 in regard to my recent testimony before the House Banking and Currency Committee and, in particular, before Mr. Patman is very much appreciated. Your personal references are most flattering and heartening, and I am grateful to you for taking the trouble to give me your encouragement.

In the numerous debates I have had over the years with Mr. Patman, he has always been a courteous and, I am sure, sincere antagonist with more than an ordinary endowment of intelligence and understanding of our banking and economic system. I felt after this latest debate with him that he had changed his position sufficiently to be much closer to my own general viewpoint than he ever has been before, with no deliberate desire to undermine or destroy the private banking system, such as would have resulted if his original ideas about non-interest-bearing Government securities had prevailed. By emphasizing that the earnings of the banks are not by any means large, I felt that I had convinced him this time that his argument was unsound so far as it was based on the notion that the banking system was getting rich out of interest on Government securities. Your own annual report which you enclosed with your letter is further affirmation of the facts I undertook to stress.

With kindest personal regards,

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

**Received in
Chairman's Office**

APR 12 1943

**Board of Governors
of the
Federal Reserve System**