

THE BALDWIN NATIONAL BANK AND TRUST COMPANY

BALDWIN, N.Y.

DON D. LOVELACE,
EXECUTIVE VICE PRESIDENT & CASHIER

Shurston

September 13, 1944

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

Dear Mr. Eccles:

The details of your appearance before the Senate Banking Committee in connection with your proposal for a continuation of the "V" type of loan for post-war financing of small business were, in my opinion, logical in all respects and a true statement of the basic facts involved.

Unfortunately, banking and bankers as a whole have always been most emphatic in their objections to the many changes in banking policy which after enactment over their objections brought much benefit to those same objectors. Of course, I realize this was plainly stated in your remarks; however, I am repeating it for the purpose of saying that I am one of that small group of bankers that has always favored all of these changes and that I now favor a continuation of the Regulation "V" type of loan for small business after the war.

Our bank arranged one of the first six Regulation "V" loans that were approved in the Second Federal Reserve District and has since financed several millions of dollars of contracts for our customers in loan amounts varying from \$12,000 to \$275,000. Before Regulation "V" loans were available, we unsuccessfully attempted to finance the same customers through the R.F.C. and also through the Federal Reserve Bank upon their then methods of guaranteed credit.

All of these Regulation "V" loans have so far been satisfactorily met by the borrowers; some of them have received the Army-Navy E; some have received special letters of commendation from the various Services; in fact, all have done a splendid job and have thoroughly justified the confidence expressed in their integrity and business ability through the Regulation "V" guarantees. Without Regulation "V" not one of these borrowers could have been properly financed.

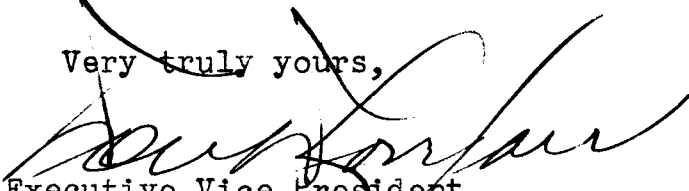
Mr. Mariner S. Eccles, Chairman

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Most of these organizations have succeeded in accumulating a fair amount of working capital from their war contract work; however, they still lack sufficient working capital and sufficiently strong financial statements to enable them to provide from their own funds or borrow under regular banking arrangements the necessary capital to continue in peace time their present volume of production with corresponding employment.

I am confident that these businesses would not be able to obtain sufficient funds through the present loan plans of the R.F.C., the Federal Reserve Bank, or the Smaller War Plants Corporation. They and thousands of small businesses like them all over the country have proved their abilities and deserve the type of financing that your proposal would make available.

Very truly yours,


Executive Vice President
& Cashier

Don D Lovelace
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P. S. Enclosed are two items reflecting the attitudes mentioned.

September 23, 1944.

Mr. Don D. Lovelace,
Executive Vice President and Cashier,
The Baldwin National Bank
and Trust Company,
Baldwin, New York.

Dear Mr. Lovelace:

Just before leaving on a visit to Utah, Mr. Eccles asked me to acknowledge and thank you for your most encouraging letter of September 13. It was refreshing to him, as to all of us who are interested in having your viewpoint prevail.

He has some reason to think that such banker opposition to the Wagner-Spence Bill as has appeared may be modified upon further reflection, since it is evident that that measure would put the banks in a position to compete, even if the Congress provides for a large volume of direct Government lending through the Smaller War Plants Corporation or some similar Government agency. As Mr. Eccles has said to a number of the ABA people, while he sympathized with the desire of the ABA to have the banks stand on their own feet, it is not realistic to expect to beat something with nothing. And as you doubtless are aware, Congress has already shown every evidence of giving Smaller War Plants the greatest kind of direct lending authority. The items which you thoughtfully enclose reflect this unrealistic viewpoint.

Sincerely yours,

Elliott Thurston,
Special Assistant to the Chairman.

ET:b