

Long Beach, Calif.,
Nov. 15, 1935

Secretary Eccles,
Washington, D. C.,
Dear Sir:

The attitude of the Bankers in convention assembled brings to mind a conversation with a banker friend back in my home town, in the Middle West, in the summer of 1932.

My banker friend was quite gloomy. "Do you know," he remarked, somewhat confidentially, "I can hardly look a customer in the eye any more, for I know what is in the mind of each and every one of them: They are wondering just how much longer we are going to be able to hold on. It really makes one feel somewhat like a hunted criminal. We have assessed our stockholders and have a substantial surplus, and feel that we will be able to pull through if this condition does not last too long, but even that does not keep me from feeling uneasy. I don't need tell you that I am not sleeping as well as I should. This thing hanuts me continually."

Perhaps my friend was over sensitive. Perhaps he had cause to be. He had seen half the banks in his state closed. He had seen several banker friends take their own lives because of banking conditions--some of them very close friends. He had seen his own bank go down, down, down, until, as stated above, it was necessary to assess stockholders to rebuild their reserve. His bank was barely making expenses, with all salaries reduced. He personally, had no solution for the problem, and no banking association had anything to offer. The Federal government had done little to stop the epidemic of bank failures which had begun nearly ten years before. The situation was becoming worse each succeeding day, each new bank failure undermining the strength and prestige of the banks still operating . . . and the state of mind of my banker friend was no doubt typical of hundreds of others.

We all know what followed: First, a few states declared banking holidays, then a national banking holiday, and with all banks closed, a new president stepped in and started building a new banking structure on what remained of a once proud, but never too secure, banking system.

And now, in the year of 1935, how about my old banker friend back in the Middle West. His bank has regained much of its old-time strength, its deposit are far in excess of the 1932 totals, Cashier Wood (that is the name of this particular banker friend) has regained much of his former confidence, and the most pleasing feature of the picture is the fact that this same Mr. Wood never misses an opportunity to "knock" the New Deal and President Roosevelt. That is the kind of gratitude upon which party politics thrive.

And just a word about the "banking holiday" declared by some of the states. I feel that it was the proper thing for the various states to do, but I am quite certain that Governor Rolph of California had no idea as to how the banks would be reopened, and the bankers were just as much in the dark as was he. One of our large banking institutions, with many branch banks, worked feverishly for three or four days printing script which was never used. "I was covered from head to foot with ink from carrying 'wet' scrip," one bank employee informed me afterward, "and we could not use it after we had it printed." He and other bank employees were charged with the custody and counting of the "new money" as it came from the printing press.

Attacking the president, and the administration in general, is a poor way, I think, for the bankers to try and rebuild prestige and confidence. Millions of depositors who lost money in failed banks in the ten years preceding the advent of the New Deal, are still questioning the good judgment of bankers in times of crisis. If they possess greater wisdom than do the average citizens, they should have shown it during those gloomy years, when, a few of them confess, they "could not look a customer in the eye."

The banking crisis which culminated several years of bank failures throughout the entire United States, is a severe indictment of the old system, and the bankers themselves were responsible for that system.

Sincerely yours,

C. F. GORDON,

1133 East Tenth Street,
Long Beach, California

Chairman
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November 20, 1935.

Mr. C. F. Gordon,
1133 East Tenth Street,
Long Beach, California.

My dear Mr. Gordon:

Your letter of November 15th seems to be a very accurate portrayal of the history of most of the banks and bankers during the past few years and up to the present time. It is very unfortunate that so few of them have learned so little from their past experiences and are so unappreciative of what the government has done for them.

In view of your interest in this subject, I am enclosing for your information a complete transcript of the address which I made before the American Bankers Association on the last day of its convention in New Orleans last week. I did not prepare a written address, but talked to the bankers informally from some notes which I made after I got to New Orleans, and the address was taken down by the association's reporter.

Very truly yours,

M. S. Eccles,
Chairman.

enclosure

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