

March 3, 1954

Internal Memorandum

Interview with Mr. Joseph Broderick

East River Savings Bank

Mr. Broderick is 73 years old and in semi-retirement for he still has an office in the East River Savings Bank. In 1914 he was bank examiner for the State of New York and it was from that position that he was engaged to be chief examiner for the Federal Reserve Board. He occupied this post for four years from 1914 to 1918 and then became the Board's Secretary. He was a member of the Board of Governors of the Federal Reserve System from February 1936 to September 1937.

Mr. Broderick, like Mr. Case, has spent all of his life in the banking world, both commercial and Federal Reserve. He went to work at 14. Like Mr. Case, he has a phenomenal memory for the names of people with whom he has been associated.

It is his guess that the Delano papers are probably in the library of the Board in Washington. Mr. Delano came from the Federal Reserve Bank of Richmond. That bank had a secretary whose name was Delameter. Henry Breck, now with Seligman and Company, was at one time Secretary of the Board(?).

The secretary of Governor Harding was Louis Adelson, until recently a Vice President of the Manufacturers Trust Company of New York. Mr. Adelson has recently retired and is at the moment in Florida.

Governor Hamlin had as secretary, Rayburn Burklin, now of the Federal Home Loan Bank of Washington. Burklin was followed by A. C. Laning, now a Vice President of the Federal Reserve Bank of Cleveland.

Mr. Broderick was a member of the ^{Preliminary} ~~Primary~~ Organization Committee of the Federal Reserve Board which began work in January 1914 (See its records.) On this he served without pay. He was present when the New York bank was

organized. He went to the Board for one year and stayed five. Mr. Broderick says that the organization process was carried out by able banks. In each community action was more important than the relationship with the Board. Board action in those days in relation to regional banks was little more than the approval of salaries.

Mr. Broderick recalled the following names in their district; Mr. Rhoads in Philadelphia, was the first Governor. He retired at the time of World War I, because as a Quaker he would have nothing to do with the selling of bonds issued for the purpose of carrying on a war.

In Richmond Mr. Seay was the first Governor, but he was not by training a bank man.

In Cleveland Mr. David Wills was the first Chairman and Mr. Francher the first Governor.

In Chicago Mr. McDougal was the first Governor. He had been Clearing House Examiner.

In St. Louis Mr. Wells and Mr. William McChesney, Sr. headed the bank.

In Kansas City it was a strange character named Joseph Miller.

In Dallas the first Governor was Mr. Oscar Wells, followed by Mr. Van Zandt and Mr. Tennison.

In San Francisco the first Governor was Archibald Kaine's, San Francisco agent of the Canadian Bank of Commerce. When the bank opened Mr. John Calkins was paying teller. Not long afterwards he became Governor.

Very early there was a difference of authority between the Chairman and the Governor and considerable feeling that the Chairman should have major responsibility. This argument was lost.

Mr. Broderick talked at length about the problem of moving from the experience of commercial banks to the new experience of central banking. He

said that the bankers had had experience in cooperation in their local Clearing Houses which had been established many years before. The Depression of 1907 had awakened them to the need of new methods but many of them lacked vision. (See Russell Clark in the New York Clearing House on the history of that institution).

Mr. Broderick spoke at length about the high sense of responsibility among country bankers.

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Continuation of Memorandum on Joseph Broderick

Mr. Broderick regards Carter Glass as the grand old man of the System. He says that Parker Willis drafted the act, but that Glass fought its battle in Congress and push through the many amendments which the Act needed. He was a crabbed man, but he understood the act and the need for it. He fought for it in Committee and on the floor of Congress and he did not need experts at his elbow. He was a man who always fought for the integrity of the System.

Asked about candidates for banking biographies, Mr. Broderick said that Benjamin Strong would be his first candidate and Mr. Allan Sproul his second. He said that this was not the first time he had made that statement. He said that Mr. John Calkins of San Francisco, was one of the best. Unfortunately, Mr. Calkins did not stay with the System long enough to be considered one of its great bankers. Strong and Sproul both had vision which is rare in the banking fraternity. David Wills, Chairman in Cleveland, is another of the best. Mr. Perrin of San Francisco is very fine.

Speaking of the membership of the first Board, Mr. Broderick spoke of Hamlin as a fine gentleman who knew banking thoroughly. Mr. Harding was a good banker and Paul Warburg was one of the few men in the United States who had had any experience in central banking. His experience had been gained in Europe. Mr. Adolph Miller was a former Secretary of Agriculture. Mr. Delano was formerly a railroad man.

Mr. Warburg did not last long on the Board (this may have been because of German sympathies). At any rate all Mr. Broderick mentioned was a dispute with Mr. Miller. Mr. Warburg was followed by Mr. Albert Strauss, head of J. & W. Seligman.

Mr. Broderick indignantly repelled the idea that members of the Federal Reserve Board were political appointees. Probably by this phrase he meant men who were solely distinguished on account of their political expertness. He mentioned Mr. Crissinger as one of these.

He believes that the Board should represent the country and various activities in the country. It should be independent of the Treasury, but cooperative with the Treasury. Men on the Board should not stay too long, otherwise they lose their courage and come to play safe.

Speaking of the Miller-Strong dispute Mr. Broderick said that Mr. Miller thought the Board should have the top hand, whereas Mr. Strong was able to do things to the System, which the Board did not have courage to do. He thought that the difference between the two men was more on method than on principle.

He also thought that there was a certain competition for place between the two men. The central bankers in Europe could not deal directly with the Board because it was not an operating bank. Hence they came to New York, and sometimes had to be reminded to go and pay their respects to Washington. This pleased Mr. Strong but irked Mr. Miller.

Mr. H. Parker Willis had no use for the New York bank and was highly critical of everything Mr. Strong did.

Mr. Broderick recommended that we see Dr. Harold Stonier of the American Bankers Association. Dr. Stonier is a great research man and also head of the Graduate School at Rutgers.

Mr. Broderick was extremely hospitable and said that he would be very glad to talk again about these things which interest him so much. He is proud to be a New Yorker, and believes that "New York is the only free market for brains in the United States".

He said that during the bank holiday of 1933 he had worked day and night and that the small amount of sleep which was possible had been snatched in the New York bank. There he too had a bed for that crisis.

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