

Saturday
April 2, 1955

Internal Memorandum

Interview with Dr. Clarence Ayers - Austin, Texas

Dr. Ayers is a director of the San Antonio branch of the Dallas Federal Reserve Bank and a professor of economics in the University of Texas. He was teaching in Amherst in 1915 and 1916, when Dr. Walter Stewart was still teaching there and Mr. Winfield Riefler was a freshman. His interest in the System and the men of the Board is vigorous.

Dr. Ayers tells me that there was a good deal of internal disagreement when the previous president of the Federal Reserve Bank of Dallas went out and Dr. Irons was installed in his place. The assumption was that Mr. Gentry was experienced and popular and would be elevated to the presidency, but the Board (presumably the Washington Board) refused to accept Mr. Gentry, perhaps on the ground that he was too old and that his tenure could not be long. The complaint of the operating vice presidents, all of them older men, was that Dr. Irons is not an operating man. He came out of the Research Division.

I asked Dr. Ayers, as I had asked Dr. Irons, whether he knew any history of banking in the southwest which might be useful in this project. Dr. Ayers stated that a graduate student working on a thesis might have a bibliography that would be useful. He would find out and let us know. He also suggested Jessie Jones' book which, as has been said earlier, has material on the banking crises of the 1920's.

There was some discussion on the difficulties which the law against branch banking in Texas creates. Drive-in banks are common in Texas, but they must be unit banks. City banks wishing to expand and having no room in their present building or desiring to move to new and larger quarters are trying techniques that may bring trouble. The Republic National Bank of Dallas now has an office across the street from the original office, and the two are connected by a tunnel which satisfies the law. Technically speaking, the new is not a branch of the old, but an integral part of the old, thanks to the tunnel. Another bank has constructed a tube for sending papers back and forth,

and this too has satisfied the law thus far. The next question to be raised is whether telephone communication can be asserted as the umbilical cord which binds a home office with an extension and makes the two one. This has not yet been put to the test, nor tried in the courts, but probably it will be.

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