

June 9, 1955

Internal Memorandum

Interview with Mr. Clyde T. Jaffrey

Mr. Jaffrey is another of those extraordinary elder statesmen who seem to characterize the Minneapolis region at this period. He was a member of the Federal Advisory Council from 1914 to 1915 and again from 1918 through 1920. He was for years president of the Soo Line Railway, and he still has an office in their building, although he has withdrawn from active connection. He is 90 years old, a very acute and interested elderly gentleman.

Asked about the contest between Minneapolis and St. Paul in early days when the site of a Federal Reserve Bank was being determined, he said that St. Paul was the older town and the capital of the state, but that Minneapolis had been the deposit center for country banks. It also was the center of larger wheat and grain business. A meeting was held in Chicago at which the location of the bank was discussed, but no decision was made.

In those days James J. Hill of St. Paul was very influential, a wealthy railroad man who had every intention of bringing the bank to St. Paul. Mr. Hill tried very hard to persuade Minneapolis to waive its claim to the new bank. He invited Mr. F. A. Chamberlin, Mr. E. W. Decker and Mr. Jaffrey to dinner in his magnificent home and fed them champagne, but it did not change their insistence that the bank should come to Minneapolis.

At the Chicago meeting, Mr. McAdoo was present, and Mr. Douglas A. Fiske of Minneapolis had prepared a complete statement which he presented to McAdoo. What was chiefly remembered was a statement attributed to McAdoo, "Chamberlin, this is not a court of justice. Please keep your seats when you talk."

After the bank had been definitely awarded to Minneapolis, seats on the Advisory Council and on the Board of Directors were divided between Mr. Decker, Mr. Chamberlin and Mr. Jaffrey.

The bank was first located in the New York Life Insurance Company. Mr. John A. Rich, put in as ^{governor} president, was himself not a banker, but a powerful force in Minneapolis (probably political). Mr. Roy Young, who was his deputy, and who had come

from Michigan, was chosen to succeed him when he withdrew.

(Mr. Ringland is said to be now in Washington).

It was with Mr. Forgan of Chicago that Mr. Jaffrey got his first banking training. Forgan was chairman of the Advisory Council, and in Mr. Jaffrey's opinion, he had a great deal to do in framing the Act. Jaffrey had been before then in the Bank of Canada.

He thinks that the System is lucky in the men who ran the Federal Advisory Council. There was not very much to do at first. In 1919, when economic affairs were getting tight, the Council passed a resolution asking that the banks raise their rates to 6%. The then Secretary of the Treasury came into the meeting after lunch and said that he had to raise money in the month of March for the government. He besought the Council not to raise the rates as they had intended. They acquiesced, but in Mr. Jaffrey's opinion, this was a mistake. He thinks that the 1920's might not have been such a disastrous period had they held firm to the higher rates.

On the Council he remembered Mr. Forgan, Mr. Warburg, Mr. J. P. Morgan, Mr. E. F. Swinney of Kansas City, Mr. H of Cincinnati, and Mr. E. G. Wing of Boston. Talking of older people, he remembered Mr. Hamlin and Mr. Adolph Miller. Of the two he thought Miller was much the abler man. He said that Mrs. Hamlin was prominent in the city of Albany.

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