

FEDERAL RESERVE BANK OF ATLANTA

Office of the President

To: Miss Mildred Adams

File

Bryan

Cross-file to Neely

Here is a copy of Mr. Bryan's remarks at the ceremonies held in the Board Room of the Federal Reserve Bank of Atlanta on December 11, 1953 honoring Mr. Frank H. Neely, Chairman.

February 17, 1955

Excellent description of
Chairman's function —

December 11, 1953
by Malcolm Bryan

President Harris, Governor Mills, Members of the Boards,

Ladies and Gentlemen;

Mrs. Kelly :

Mr. Chairman:

You will know that the assignment to speak for the officers and directors today is an opportunity that, if it had not been volunteered, I would have sought eagerly. Yet the assignment is not one that can be easily discharged; for it is difficult to bespeak adequately our affection, our admiration, and our respect.

The office of Chairman of the Board of a Federal Reserve Bank demands an unusual array of talents. There is, in its dual responsibility as Federal Reserve Agent, a vast financial responsibility exercised, to be sure, with assistance but with the responsibility on the Agent's shoulders. The office of Chairman cannot, under the law, be held by a banker, and yet the office requires for its best discharge the development of a considerable knowledge of banks and banking and financial processes.

The office is beset by a maze of sometimes exasperating relationships. The Chairman, as a principal representative of the Board of Governors in the District, must accommodate himself to the Governors' powers of supervision and examination and at once represent his own Board and the Reserve Bank to the Board of Governors, and, in turn, the Board of Governors to the Bank and to the Board of Directors. To fulfill this obligation sometimes requires a level of diplomacy and understanding of the highest order; for the law is a good deal less than specific in ~~the~~^{its} division of powers and responsibilities in many areas; and the difference between regional and national points of view oftentimes yields a difference of emphasis that must be accommodated through mutual tolerance and mutual education.

As the principal public representative of the System in a region, the Chairman must be impeccable in his business affairs and in his character; and he must be possessed of a certain spiritual toughness, for the very nature of the System's duties and responsibilities means that it will seldom be universally acclaimed, and the Chairman cannot expect a constant round of applause.

The Chairman must have a relationship to other Federal Reserve Banks through the Chairmen's Conference, and through the fact that a policy of one Bank will, almost inevitably, impinge on other Reserve Banks. As the chief officer of his Board he has a fundamental responsibility in representing his Board in obtaining the effective and efficient operation of the Reserve Bank, a responsibility that he must discharge in the absence of direct and individual administrative authority. At the same time, he is hardly helped in the measurement

of efficiency and effectiveness by balance sheet and income accounts, which provide so excellent a guide in private business; for the law makes abundantly clear that the Reserve Banks are organized for public purposes and have responsibilities going far beyond the appropriate guidance of their income and expense accounts.

In short, the Federal Reserve System, which has been adapted to America's ample geography and regional diversity, and to the American genius for checks and balances, is one of the most complex organs of administration and policy ever put together -- and I think well put together -- by the American people. It is designed to bring many minds, of the most diverse background of experience, authority and location to bear on the most complex problems. The Chairman of a Federal Reserve Bank Board is right in the middle of it all, and beset by responsibilities capable of testing any man's devotion, patience, intellect, and understanding.

Mr. Chairman, you have dealt with all these responsibilities in a way that should be forever memorable in the history of this Reserve Bank. Let me be as brief as possible, in order that I may not weary you with praises, but specific in order that the record may stand forth.

First of all, receiving only an honorarium, and with no opportunity of personal emolument or advantage, you might have taken your Chairmanship as an idle honor, to be dealt with only formally, your duties adequately discharged by the great prestige of your name. Instead, you have shown a constant devotion, maintained a constant

expenditure of time, energy, and ability that is unique in my experience and marks the greatness of a man who simply will not slack the job he undertakes. We have all seen you attend to the Bank's affairs, and march off to System meetings, when you were hard-pressed in your many duties, and when other tasks would surely have been more to your liking. This has been devotion over and beyond any possible call of duty.

Let me note in this connection a couple of items. One is that the Federal Reserve System is not at all tongue-tied or backward in inundating a Reserve Bank Chairman with a constant snowfall of reading matter on System and related affairs. It has been a never-ending source of amazement to me, Sir, to note the volume of material you found time to read in the midst of a busy life. Indeed, Mr. Chairman, it is in this connection that I wish here to report what is my only personal criticism of you. I will be a long time recovering from the stacks of material and covering memos in green ink saying, "Bryan, read this and tell me what is in it!" My complaint on this matter lies in the point that it took me a long time to discover a certain ill-usage in those memoranda, namely, that you had already read the material and knew very well what was in it and merely wanted to improve my mind by making certain that I had read it.

Then let me comment on the way you have handled your post as the appointee and representative of the Board of Governors. It is too often true that a man takes his post as the representative of an appointing or electing authority as being discharged by acting merely as the servant of that authority. You have, beneficially for the System, felt ^{that} representation went far beyond so narrow a master and servant

relationship to one that never failed in fair representation but also demanded of the representative a candid expression of advice and experience for the benefit of ~~our~~^{his} principal.

The members of the Board of Directors, I know, will not mind my saying that a major contribution you have made is in the functioning of that body. You showed, Mr. Chairman, from the very first, a determination that the Board should be informed both on the operating problems and practices of the Bank and on policy matters, so that the Board could function effectively. This determination has evoked punctilious operating reports, in the first place, comments on and evaluations of Bank and System policy, in the second place, and economic and financial reports in the third place.

Your insistence on these matters, in my observation, has often caused the officers to bestir themselves when a little lethargy would have been more comfortable. But your insistence on these and other matters, your organization of the Board into various committees, your encouragement of questions, and your unfailing good humor as a presiding officer: all these things, taking effect now so many years ago that they are likely to be forgotten, have contributed vastly to the history of the institution in permitting its Board to perform as a responsible, effective, and united body of men. All this has had a major effect in keeping the officers attending to their knitting with a closeness of attention that would hardly have been possible unless the Board functioned harmoniously, objectively, and with information.

Mr. Chairman, when you came to the Bank only the Board of Governors and the Federal Reserve Bank of New York had ever, in the

whole history of the Federal Reserve System, had a Research Department of any standing or authority or effective staff relationship to the institutions they served. Here in Atlanta the total Research Department consisted of one man, giving part time to the work, and one clerk-stenographer. The sole work of the Department consisted, as one man said, of putting a few bad statistics into worse prose. The Department had no relationship to the officers of the Bank or to the Bank's Board. It maintained no financial or banking library for the use of the District and the member banks.

Mr. Chairman, almost single-handedly, you persuaded your own Board, to use your own words, that knowledge is both power and confidence, persuaded the late Ronald Ransom, then Vice Chairman of the Board of Governors, and Marriner Eccles, the then Chairman, and set out upon a program of improvement that was altogether startling in the light of preceding history. With that persuasion behind you, you demanded and obtained a thoroughgoing organizational over-haul of the Department, and demanded and obtained a level of performance that has never been perfect, but has represented a tremendous advance in the history of the Bank and the System.

Your representations on this matter in the Chairmen's Conference, and the example you set here in Atlanta, had a System-wide influence attributable directly to you but often overlooked. I think the record should be made. First in another Reserve Bank, where your then counterpart as Chairman, saw eye-to-eye with you, and then with approval and encouragement from the Board of Governors,

your point of view was followed and imitated with startling rapidity in all of the Federal Reserve Banks. Indeed, this matter developed so rapidly and so well that a former Chairman of the Board of Governors once said to me, partly in irritation but mostly in good humor, "I went along with Frank Neely on this business of improving the research departments, but it has gotten out of hand. I never expected them to get good enough to have independent opinions." Be that as it may, if the regional Reserve Banks now go to System Conferences with an array of factual and not merely intuitive judgments of economic, monetary, and fiscal affairs, Frank Neely is due a lot of the credit for the imagination that inspired and the energy that enforced the development.

From the first days of your Chairmanship, Sir, you made a major contribution in the whole field of personnel policy, both from the standpoint of administrative and organizational practice, but also from the standpoint of personnel welfare. You understood from your own business experience and your own long consulting work the grave importance of personnel procedures that had been heard of in the Bank, to be sure, but placidly ignored in the Bank and largely ignored in the System. I refer to such things as the delineation of duties and responsibilities, job descriptions, job process descriptions for training purposes, the relationship of pay to responsibilities and performance, and so on. At your insistence and admonition the personnel function which had, before your time, been scarcely more than the casual business of hiring people as they walked

in, was thoroughly reorganized, separated from unrelated functions, and given leadership and understanding. This was in the nick of time because, if it had not been done, the war coming on and finally breaking in full force, we would hardly have functioned at all. Let me note that here again you left a mark on the System.

The Balderston Study of official compensation, and, indeed, the very creation of the Board of Governors' Division of Personnel was largely resultant from the insistent representations that you made in the Chairmen's Conference and to your friends at the Board of Governors, all of which, Sir, has had the curious and gratifying result that we now get from that body under the mantle of new discovery, suggestions, and admonitions that you were yelling about some fifteen years ago.

- if you will not mind my choice of a word -

Well, anyway, if the Federal Reserve Bank of Atlanta ceased to take pride that its wages were the lowest in the System and lower than other banking institutions, the major credit for a shift in that attitude and habit of mind belongs to you. If we now do anything at all in personnel and officer training, and we surely do less than we should, nonetheless, we play a better game largely because you insisted that a better game was possible and that we were capable of playing it.

Mr. Chairman, you were an engineer, and have been and are an administrator of rare talent and accomplishment, as your many deserved honors have attested. You have used this talent unstintingly in the operational and housekeeping functions of the Reserve Bank. You found the Head Office grimy and, more important, offensive to your organizational sense in a lack of orderly work flow and adequate and

logical intercommunication of work and personnel between departments. I shall not soon forget, nor will many of my colleagues, the days in 1938 and 1939 when you were prowling the institution from cellar to garrett and asking all of the pertinent questions that appealed to your orderly and experienced mind about the flow of work, the equipment, the layout of the shop -- and, in passing, making ungracious but pertinent fun of broken-down adding machines, over-age typewriters, and bedraggled and inefficient equipment generally.

It was sometimes hard to take, Mr. Chairman, and I would be deceiving you if I did not say, as I am sure is also true of my associated officers, that I have gone home many a night wishing that the man would only be quiet and let me rest. But it was all necessary, Sir, and we have been the gainers from your imagination, experience, and insistence in all of these fields. So if, today, we have in some spots the housekeeping arrangement and equipment necessary for an efficient and effective job, and if elsewhere we are at long last gaining those facilities, you deserve a major degree of the credit.

There is another matter in which your influence has been profound though intangible. I refer to the whole field of administrative practice and procedure. You have had, apparently, a life-long interest in both the practical arts and sciences of an administration, in which your own career has been so distinguished, but also, for some reason that I have never quite understood, in the theory of the administrative process and the appropriate forms of administrative organization. When you, Sir, went into business, there was foreclosed, which was a pity,

a career as professor of administration and organization in some such place as M.I.T.

At any rate, Mr. Chairman, I have, with many of my other officers, been the beneficiary of your lectures, so often, alas, privately delivered. Sometimes a lecture in detail, sometimes a whole lecture in a couple of questions: "How have you got this thing organized? Have you grouped related functions? Have you given this man the authority to do his job? Is the line of responsibility and authority clear and known? Have you got functions grouped at the same level of difficulty? What instructions have you given? Who checks up on that? Hadn't you better go see?" And so on.

I have tried, Mr. Chairman, to be a good student in all of these matters. I have violated your administrative prescriptions twice in my career, once on a matter I have heretofore confessed and once on a matter that I think I managed to conceal. One had to do with the assignment of responsibility without authority and without the lines of responsibility and authority being known and understood. One had to do with the requirements of discipline in an organization. It is needless to say that my improvements on your prescriptions did not work. The best I could say for myself is that I was young at the time and that I learned.

Sir, you will not mind my humor if I say that to my dying day I will not forget the lectures you have delivered. I suspect that when I am passing to my eternal reward and the family gathers around to hear my last remarks they will find me saying:

And I quote:

"What's to be done?"

"How is it to be done?"

"When is it to be done?"

"Who is to do it?"

"Who is to check up and see that it is done?"

And then the family will go away saying, "Well, Mr. Neely sure made an impression on Papa, didn't he?"

That, however, will not end the matter. For at that point I will arouse myself from my slumber and as a parting shot repeat with you the maxim of one of your own great teachers: "It is better to do inefficiently the things that must be done and need doing than to do efficiently those things that had better not be done at all!" With that I will finally go to my repose.

Sir, this is the record, told all too briefly and without the words that I would like to muster, words that would sing and convey to you, our appreciation for all the things you have done, things from which the Bank and the South and the System have been the gainers. But I cannot recite a brief record without adding that you have never been petty or self-seeking; you have been unfailingly clear on the fact that the public interest is a public trust. You have been patient and gracious in the face of frustrations, direct but gentle in admonition, generous in encouragement, unfailing in your good humor and courtesy. You have turned in, Sir, not merely on the objective record, but in the spirit of the accomplishment, which also counts, a very great and memorable performance.

Speaking for the officers, Sir, I know I speak with universal approbation when I say that as your formal service comes to an end, we do not say good-by but only au revoir. You have been at home at the Federal Reserve Bank of Atlanta. ^{Here} ~~There~~ you have had so much of your life and being. ^{Here} ~~There~~ you have given of yourself with such warmth and distinction to the modeling and forming of the institution. You will always be at home, and affectionately welcomed, in ^{this} ~~that~~ place. We shall continue to want your counsel and instruction.