

THE WHITE HOUSE  
WASHINGTON

February 18, 1936.

MEMORANDUM FOR  
GOVERNOR ECCLES

Will you speak to me  
about the possibility of appointing  
Earl Cocke as Federal Reserve agent  
in Atlanta, even though it is a  
temporary appointment to be vacated  
later if agents are abolished in the  
Federal Reserve districts?

F. D. R.

A handwritten signature in dark ink, appearing to be 'FDR', written in a cursive, slanted style.

February 20, 1936.

**MEMORANDUM:**

TO - The President  
FROM - Chairman Eccles

By note of February 18th you asked me to speak to you about the possibility of appointing Earle Cocke as Federal Reserve Agent in Atlanta, and I am eager to advise you about the program which the Board of Governors had adopted prior to my receiving your memorandum.

As you are aware, the problem presented by the relationships of the Chairmen and Federal Reserve Agents to the reserve banks, including, of course, the Atlanta situation, has had the fullest consideration, and in connection with the Atlanta situation the possibility of appointing Mr. Cocke as Chairman, which had been suggested by Senators Russell and George, was gone into thoroughly, but none of the Board felt that he could meet the legal requirement that the Chairman "shall be a person of tested banking experience."

However, beyond that the program adopted by the entire Board prior to the receipt of your memorandum calls for putting various non-statutory duties now performed in the agent's office under the new presidents of the banks, retaining only a comparatively small salaried assistant agent to discharge the statutory functions of the agent's office and leaving the chairmanships on a largely honorary basis. The Board felt that this would not only effect very necessary economies, but would make for far more efficient operation of the banks, and at the same time bring about a condition under which the new presidents would be much more responsive to the policies of the Board of Governors.

The Atlanta situation was particularly aggravated. The bank there is already overstaffed. The volume of work is altogether too small to justify such a large and

Memorandum to the President - (2)

expensive staff. Aside from Governor Newton, the bank has two first-class men in H. W. Martin, a Deputy Governor, who was assistant to Governor Eugene Black when he was on the Board here, and R. S. Parker, Deputy Governor and General Counsel. Accordingly, the Board had decided several days ago to fill the vacancy in the chairmanship by putting Mr. Martin in that position at a nominal salary not to exceed \$3,000 a year. This will effect a considerable reduction in expenses. Mr. Martin is now receiving a salary of \$13,500. By putting him in the chairmanship at not to exceed \$3,000, there will be a saving of more than \$10,000 in his case, and \$20,000 more will be saved by not filling the chairmanship on the former basis, a total saving of more than \$30,000. This plan had already been communicated to Atlanta and the chairmanship tendered to Mr. Martin on that basis, following a preliminary private sounding out of the situation.

It is not necessary for me to emphasize to you that to have that program changed at this juncture would be a real embarrassment to the Board, not only so far as Atlanta is concerned, but in its program generally, which has been privately discussed with directors of other banks, for the purpose of effecting a more economical and efficient operation throughout the System.

It would, of course, be no improvement in Mr. Cocke's situation to go into the chairmanship at the bank on the reduced basis, and from the attached letter which I received from Mr. W. H. Kettig, who is a Class C director and Deputy Chairman, it is evident that our Board would come under heavy fire at once if we failed to correct this Atlanta situation as well as others at this time when the responsibility is squarely up to the new Board.

Inasmuch as Mr. Cocke has been with the Reconstruction Finance Corporation for some time, heading their Atlanta office, it occurs to me that it may be more appropriate to appoint him to the Reconstruction Finance Corporation Board on which, I understand, there is a vacancy.

I shall be glad to discuss this matter further among the various others which are current here, whenever you wish to afford me an opportunity to do so.

WILLIAM H. KETTIG  
Birmingham, Ala.

Feb. 15, 1936.

Mr. Marriner S. Eccles, Chairman  
Federal Reserve Board  
Washington, D. C.

Dear Mr. Eccles: ——— I spent five days of this week in the Federal Reserve Bank of Atlanta acting as Deputy Chairman. During this time I had very little to do with the exception of signing a few routine papers. There was practically nothing for the Chairman to do. I looked around the Bank and found nearly everybody idle. The Bank, as you know, is doing little or no business.

We had four meetings of the Executive Committee and at three of them there was not a paper on the table and absolutely nothing to do. Each Director attending, however, received \$10.00 per diem.

I counted about twelve executive offices. They have two Deputy Governors and one Assistant Deputy Governor. Besides this there are a lot of other officers with little or nothing to do. The Bank is over-staffed. This was no doubt justified several years ago but it no longer holds at present as the Bank has practically no discounts. The Federal Reserve Bank of Atlanta needs a complete overhauling and a reduction of forces. This is, of course, provided that the present conditions continue. I do not believe that any private business could exist with such an enormous overhead and no business to justify it.

Respectfully submitted, with my regards,

Very truly yours,

(Signed) W. H. Kettig

WHK:D.

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