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CHARLES C. HALL, ASSISTANT
FEDERAL RESERVE AGENT
W. C. WEISS, AUDITOR
CHAS. C. HUFF, COUNSEL

February 26, 1918.

Dear Sir:

I am enclosing herewith the address of Hon. Chas. O. Austin, Bank Commissioner of Texas, delivered at Dallas on the 11th day of February, 1918. The demands of space have required a slight condensation of this statesmanlike and rarely informing address, but it is given substantially as delivered. I respectfully invite your careful perusal and thoughtful consideration of it. It is the deliberate judgment of a very able man who has no object in view in giving it utterance except the public good.

It should always be remembered by state banks in determining whether they will join the Federal Reserve System, that:

First: They retain all the rights, privileges and advantages which their charter as state banks gives them.

Second: In becoming members of the Federal Reserve System they secure, in addition, all the benefits, privileges and protection which that System gives.

Among the advantages which such a connection gives, the following may be certainly enumerated:

I. Member state banks will be more closely identified with the great nation-wide banking system.

II. They will secure the advantages of the rediscounting privileges of the Federal Reserve System, and increased credit facilities to meet their seasonal needs.

III. Such connection will assure them the best interest rates prevailing from time to time and assures them of credit, regardless of financial conditions, on solvent and eligible paper.

IV. It enables them to discontinue the practice of carrying excessive balances in correspondent banks and releases more of their funds for loans to customers.

V. It releases unduly large amounts heretofore carried in vault and leaves it to their discretion to carry only such an amount of cash in vault as experience has shown may be necessary.

VI. The reduction of required reserve giving, if and as needed, a larger lending power.

VII. It gives to state banks the distinct advantage of being permitted to withdraw on six months notice.

VIII. It enables state banks to better aid the government and to utilize their Treasury certificates and Liberty bonds as the basis of credit.

Finally, in view of the call and appeal of our great President, the approval of the State Bank Commissioners and the almost universal judgment of all thoughtful men of the necessity of a unified banking system and the strengthening of our financial structure, are we not justified in appealing to all eligible state banks in the district to join the Federal Reserve System?

Faithfully yours,

Federal Reserve Agent.