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a) E M Swager
Kansas City

1915

DIRECTORS

MILLER, JR., CHAIRMAN
AND FEDERAL RESERVE AGENT
ASA E. RAMSAY,
DEPUTY FEDERAL RESERVE AGENT
W. J. BAILEY, ATCHISON, KAS.
C. E. BURNHAM, NORFOLK, NEBR.
THOS. C. BYRNE, OMAHA, NEBR.
GORDON JONES, DENVER, COLO.
M. L. McCLURE, KANSAS CITY, MO.
R. MALONE, DENVER, COLO.
L. WILSON, EL RENO, OKLA.

FEDERAL RESERVE BANK
OF KANSAS CITY

OFFICERS

CHAS. M. SAWYER, GOVERNOR
JEROME THRALLS, SECRETARY-CASHIER

RECEIVED

FEB 4 1915 8 56 AM

FEDERAL RESERVE BANK
OF NEW YORK

ERL

February 1st,
1915

Benjamin Strong, Jr., Governor,
Federal Reserve Bank,
New York City.

My dear Governor Strong:-

I have your letter of the
30th ultimo., advising me that you
have issued Cashier's checks in
payment to the contributors to the
gold fund.

We shall, of course, be
glad to receive these Cashier's
checks and send them to you to
liquidate the increasing debit
balance we have with you.

With kindest personal re-
gards, I am,

Very truly yours,

CMS-CU

Chas. M. Sawyer
Governor.

400

J J Miller
Kansas City
1919-1921

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FEDERAL RESERVE BANK OF KANSAS CITY

J. Z. MILLER, JR.
GOVERNOR
J. L. CROSS
DEPUTY GOVERNOR
ARCH W. ANDERSON
SECRETARY-CASHIER
C. A. WORTHINGTON
ASSISTANT CASHIER
M. A. THOMPSON
ASSISTANT CASHIER

ASA E. RAMSAY, CHAIRMAN
AND FEDERAL RESERVE AGENT
FRED W. FLEMING
DEPUTY CHAIRMAN
C. K. BOARDMAN
ASST. FEDERAL RESERVE AGENT

April 12, 1918.



B.A.H.
APR 16 1918

Mr. Benjamin Strong,
Governor of Federal Reserve Bank,
New York City.

Dear Governor Strong:

We are in receipt of letter from Governor Harding, advising that your bank has appointed a special committee, composed of men competent to judge collateral, to examine in detail lists of collateral deposited by various institutions which have received government deposits, in order to ascertain whether the collateral deposited was within the regulations of the Treasury Department, the market price and diversification of the collateral.

Governor Harding suggests that as the Department was so well pleased with the report made by your Committee, that all other Federal Reserve Banks appoint such a committee for the same purposes. We think it a splendid idea and have advised the Board that a committee would be appointed by us within a short time.

May we ask you to advise us just what work this Committee performed and in what manner? If your bank prepared forms for the use of the Committee, please send us a specimen set. Any suggestions you make us will be greatly appreciated.

Yours truly,
[Signature]
Governor.

PERSONAL AND CONFIDENTIAL.

March 6, 1919.

My dear Governor Miller:

For some time I have been interested with some friends in a study of some of the problems of our national financial system and particularly to the possibilities of a reform movement which might result in the establishment of a scientific plan for a Federal budget. The need for this has been made apparent to me during the past two years and as a result of contact with the financial machinery in Washington. Some of my friends believe the time is now opportune for a general attempt to interest the people of the country in national financial reform.

The campaign for saving, thrift and sensible spending, incident to the flotation of Government loans has put many of our people in a receptive mood for further suggestions in these matters. The national debt must be reduced and can only be reduced if both individuals and the Government practise sensible spending. It is particularly true with the Government but cannot be made possible until scientific machinery is installed to accomplish it.

Students of this subject seem to be in general agreement that a scientific budget system is the only solution. To persuade our people that such a system should be installed, a nonpartisan organization should be built up and a wise and sane campaign of publicity inaugurated. It is a plan of that sort in which some of my friends are interested with a view to activity after the next loan is placed. In the meantime, steps must be taken to prepare the publicity, and the personnel of the organization must be developed in advance.

It is, of course, out of the question to utilize the Liberty Loan organizations as such for an enterprise of this character. It does not, however, seem improper for me to ask you if in your experience with the Liberty Loan, War Savings, or other organizations in connection with the war, you have come in contact with individuals

March 6, 1919.

in your district who would be likely to be interested in this movement and who would be qualified for service in such an organization and who would do so as a matter of public duty. What is first needed is a representative in every State, competent to take charge of the movement and direct it in the State. We should have qualifications to enable him to become a leader of the State movement, some ability as an organizer, should be public spirited, able to grasp the subject and willing to study it, and should be regarded locally as without political prejudice or purpose, and have the confidence in general of the people of the State.

In addition to state directors, similar organizers must be appointed in the various counties and principal cities.

I shall be greatly indebted to you if you can let me have suggestions and names of men in your district for this work without, however, mentioning the matter to them. You may know them well enough to make definite recommendations not only because you came in contact with them in Liberty Loan matters but other public spirited activities with which you are acquainted or connected.

This is a matter in which I have a strong personal interest and will be grateful for your assistance. At our meeting in Washington on the 20th I hope to have an opportunity to refer to this matter more specifically.

Sincerely yours,

Governor.

J. Z. Miller, Jr., Esq.,
Governor, Federal Reserve Bank of Kansas City,
Kansas City, Mo.

BS/MF

September 14, 1921.

Dear Governor Miller:

You will recall that about two years ago we had some correspondence in regard to the work of the National Budget Committee. In part, at least, passage of the budget legislation by the Congress was due to the work conducted by that committee. Now that the basis of the budget system has been adopted by Congress, our organization is endeavoring to crystallize public sentiment for the support of the program of government economy and thereby to insure permanent success for the new national budget system.

We are seeking to extend this work by selecting, so far as possible, bankers to accept active chairmanships in various of the more important cities, simply to carry on work which will be laid out for them by the national committee. The scope of the work is described in the enclosed memorandum.

Can you suggest representative men, preferably bankers, who might be willing to accept such appointments in the cities of Denver, Kansas City, Kansas, and Kansas City, Missouri.

At the present time I shall only ask you to suggest names, but later on possibly you would be willing to communicate with them directly and further our object of having them accept these appointments.

If for any reason you think it unwise to make these suggestions, will you not write me quite frankly and, if you are willing to do so, give me your reasons.

With best regards, and thanking you very cordially, I am,

Yours very truly,

J. Z. Miller, Jr., Esq.,
Governor, Federal Reserve Bank of Kansas City,
Kansas City, Mo.

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W J Bailey
7
Kansas City
1924

FEDERAL RESERVE BANK
OF
KANSAS CITY

W. J. BAILEY, GOVERNOR
C. A. WORTHINGTON, DEPUTY GOVERNOR
J. W. HELM, CASHIER
J. H. PHILLIPS, JR., ASST. CASHIER
E. P. TYNER, ASST. CASHIER
G. E. BARLEY, ASST. CASHIER
M. W. E. PARK, ASST. CASHIER
A. G. FROST, ASST. CASHIER
A. M. McADAMS, ASST. CASHIER
G. H. PIPKIN, ASST. CASHIER

ASA E. RAMSAY,
CHAIRMAN BOARD OF DIRECTORS
AND FEDERAL RESERVE AGENT
HEBER HORD,
DEPUTY CHAIRMAN
BOARD OF DIRECTORS
C. K. BOARDMAN,
ASST. FEDERAL RESERVE AGENT
AND SECRETARY

JULY TWENTY-EIGHTH,


- 1922 -

Dear Governor Strong:

This will acknowledge receipt of your letter of the 26th instant, referring to the expense of reports of examination of National banks now being furnished by the Chief Examiners.

I have read the same carefully and look forward with interest to your further report on this important matter.

Most sincerely yours,


Governor

Hon. Benj. Strong,
Governor, Federal Reserve Bank,
New York, N. Y.

COPY

Submitted to Com. Jan 4/24
FEDERAL RESERVE BANK OF NEW YORK

January 16, 1924.

FILES DIV.

W. J. Bailey, Esq.,
Governor, Federal Reserve Bank of Kansas City,
Kansas City, Mo.

Dear Governor Bailey:

You will recall that the Federal Reserve Bank of Boston withdrew from participation in the foreign bank accounts last year and since then we have taken over their share. It would be entirely agreeable to us to continue on that basis for the ensuing year but as the Open Market Investment Committee now supervises foreign business undertaken for the System, we thought it proper to refer to them this question as to whether we should continue to assume Boston's share or should split it up among the other participating Federal reserve banks. The Committee thought that as these transactions were undertaken as matters of System policy, it was highly desirable that Boston's share should be distributed among the other Federal reserve banks and it was voted at a meeting of the Committee on January 14 that such a distribution should be made provided, of course, that the other Federal reserve banks desired to increase their participation by the small amount involved. Based upon the paid-in capital and surplus of each Federal Reserve Bank as of January 1, 1924, your percentage for next year would be 4.6% if you assumed your proportion of Boston's share. This compares with your participation for the past year of 4.3%.

I would appreciate it if you would advise me whether you wish to take this new participation so that we can make the necessary changes in our records.

Very truly yours,

JHC
J. H. CASE,
Deputy Governor.

JEO:HK

[From Harrison Papers]

PERSONAL

Hotel Brighton,
Atlantic City, N. J.
February 23, 1929.

My dear Governor Bailey:

Mr. Harrison showed me your letter of January 30 and his reply shortly after its receipt. I was then too ill to do more than simply enjoy the letter, but I brought it away with me in the hope that I would have a chance to write you, which has now arrived.

No one regrets more than I do all of the bad blood that seems to have arisen as the result of the rate action of last year. I hesitate to comment upon it too strongly, feeling possibly a greater sense of responsibility in some of these matters than any one else in the System.

Possibly you will not be bored by a somewhat extended account of my own point of view about some of these things. When I was pitched into my present job, very much against my wishes, I told one of my most intimate associates in the Bankers Trust Company that I feared three things for the Federal Reserve System. I warned Mr. Warburg at the time of my fears in those regards, and told him that if they proved to be true he could count upon there being a row. One was that the Federal Reserve Board would dominate the System and that it would be subordinated to various political considerations and ambitions. The second was that sectional feeling between the Reserve banks would develop discord and make this great cumbersome machine unworkable. And the third was that some of the larger and more ambitious member banks should endeavor to gain control of the directors and dominate the policies of the banks.

You are well enough acquainted with the System to know how narrowly we have escaped, and possibly not altogether have escaped, some of these dangers. We owe much to the various governors of the Federal Reserve Board, as I believe each one, without exception, has earnestly striven to maintain the Board's position as a supervising rather than an operating body, despite many efforts on the part of members of the Board to exercise an autocratic control. As to the danger of sectional friction, it has been present from the very beginning. Our policy in New York has been to make every sacrifice in subordinating our own position, which might otherwise be a dominating one, in favor of System policies, System supervision, and System philosophy. In this one respect I think the policy of the Federal Reserve Bank of New York has been all that could have been expected, although not in every instance completely successful.

As to the last danger, I am frank to say that we faced it in New York in the early days to an extent that no one has ever realized. We had many anxious times, but finally, by sticking to our principle, and even in some cases insisting upon some retirements from our Board, we now have nine directors who are absolutely independent-minded men who serve no interest outside of the bank which conflict with their duties in the bank and who represent really an ideal management. I want to feel that the same situation prevails in Chicago. Frankly, it touched me in a very sore spot to have the repeated statements made last August that there was some subtle underhand motive inspiring us in New York in undertaking the program that we did. None of it came from the Federal Reserve Bank of Chicago, but I am sure that some of it originated with some of the Chicago bankers. I am very sure that no one deplores it more than McDougal does. If I keep

my health and pep the day is coming when I shall be able to face some of those fellows in Chicago and have it out with them. If you could be there when it happens I should like nothing better.

So much for my general reflections on the situation. As to the rate itself I think what we did last year was of immense benefit to the country. The change of policy which has been undertaken recently I am hopeful will curb the speculative enthusiasm on the one hand and not interfere with any of the important elements of the program which led us to reduce our rate last August. How can people complain of our credit policy over the past six months after reading that despite the impoverishment of the world by war, that despite the loss of markets in Russia and some important parts of the Orient, and the generally widespread efforts at economy throughout Western Europe, we, nevertheless, exported nearly \$5,000,000,000 of our produce, of which approaching one half originated on the farm. If one wishes to adequately appraise the situation, just imagine what would have happened to this trade had we pursued a dear money policy in order to scak the speculator, closed our markets to foreign loans, and exported, say, one half of what we did export. What would have become of this surplus? Or, on the other hand, if loans had not been adequate to cover the cost, what would we have done about the flood of gold which would doubtless have come to us from Europe.

The only regrets that I feel about last year's program are those originating in the bad feeling which developed in Chicago which was so largely directed at us in New York - not to mention, of course, the unfortunate tension between the Board at Washington and our Chicago associates.

2/23/28.

I cannot conclude this letter without expressing to you the immense satisfaction which I have always had in the association with you in this work. Lord knows it has been difficult enough at times without personal feelings being involved, but a letter such as yours does make some of these things look very trivial.

My best to you as always.

Sincerely yours,

Mr. W. J. Bailey,
C/o Federal Reserve Bank,
Kansas City, Missouri.

Mr. Harrison

[From Harrison Papers]

LOS ANGELES BRANCH
FEDERAL RESERVE BANK
OF SAN FRANCISCO

March 7, 1928.

Mr. Benj. Strong, Governor,
Federal Reserve Bank of New York,
New York City.

Dear Governor Strong:

Your letter of February 25, written from the Brighton Hotel, Atlantic City, was forwarded to me here, where I am spending a month just doing nothing but enjoying the sunshine and the balmy weather and the many old friends, forgetting the problems that irritate me and just simply loafing.

I want to thank you for your very kind letter and the splendid feeling that it brought me. Nothing would please me better than to meet when the time comes that you will take this matter up with our Chicago friends. If I know when it does happen, I am going to strain a point to be there.

At all events, the greatest pleasure which your letter brought was evidence to me that you are getting better. Your illness has caused us at Kansas City a good deal of anxiety, and I sincerely hope that you are on the way to final recovery. A lot of us would not be missed out of the Federal Reserve System, but the whole System would suffer if you should be taken away.

I want to express again my full appreciation of your letter and the feeling of cordial good will that it brought to me.

I also received a letter from Mr. Kenzel in regard to transferring the proceeds of a cargo of wheat into acceptances. It is very enlightening and I appreciate it very much.

With all the best wishes I can express, and full appreciation of your friendship, I am

Sincerely yours,

