Adelson
Attends hearing before Federal Reserve Board on the proposed Cuban
Agency. May 12, 1923. p. 107

Attends further hearing on same. May 15, 1923. p. 116

See - Cuban Agency

Agrarti, Sigurra
Address National Grange Executive Committee at luncheon given it by G.B. H.
She represents the International Institute of Agriculture, with offices
in Rome, Italy.
February 28, 1923. p. 34

Agricultural paper
Board voted for Dr. Miller's motion, subject to checking up by

counsel, to give him the benefit of it for his address before
some Farm Association next Friday.

This motion made paper of cooperative marketing associations, the
proceeds of which were or were to be used for advances to members
against agricultural products delivered to it, Agricultural paper.

Counsel advised that such paper could not be classified as Agricultural
paper but that after careful study it was possible that he might
change his opinion.
Dec. 14, 1922. p. 33

The Federal Reserve Bank of Boston asked authority to put in a
discount rate of 5% on 9 months agricultural paper, because of its
longer maturity. Although 4 other Federal Reserve banks have put
in the same rate as for 3 months agricultural paper, the Board felt
it ought not to override the discretion of the directors, especially,
in view of the fact that the discounts held by Boston of agricultural
paper of all maturities was very small, and therefore, it approved
the application.
April 7, 1923. p. 82
Alkan, Alfred
Favors Gov. Harding for Governor of Federal Reserve Bank of Boston.
Dec. 18, 1922.
p. 26
Represents Boston Clearing House at hearing on Cuban Agency.
May 7, 1923.
p. 107, 109

Albany, N. Y.
C.S.H., H. P. H. and Anna spend Thanksgiving Day with Mr. and Mrs. Rice
at Albany, N. Y. Nov. 29, 1923.
p. 154

Anderson, Lars
Attends dinner of C.S.H. and H.P.H. to Ambassador Hanihara in a
somewhat advanced stage of intoxication. After dinner he ordered
the maid to bring whiskey and soda into the parlor, without
asking our permission.
p. 62

Arllis, George
C.S.H. goes to Rialto Theatre with Mrs. Wilson and Admiral and Mrs.
Helm, to see a moving picture, - "The Green Goddess" - in which
George Arllis took the leading part.
Sept. 12, 1923.
p. 169

Assessment.
Cost of examinations of state banks. Dec. 9, 1923.
p. 20

Atlanta
100, 101, 117, 118, 122, 124, 125, 126, 127, 129, 130, 131, 135, 138,
140, 141, 142, 143, 147, 148, 149, 156, 159.

Miller votes to notify the Attorney General that Elliott desires
to file with him a brief as to construction of Section 9 of
Federal Reserve Act. The vote was that the Board merely notify
him of Elliott's desire, without approval or disapproval. Miller
alone voted no and said no one should be permitted to file a
brief. C.S.H. asked if he feared that Elliott would satisfy
the Attorney General that his (Miller's) and Wyatt's opinion
was wrong.

Miller then intimated that some member had improperly told Elliott
that the Board was to ask for such an opinion.
Attorney General of U.S. (Cont.)

C.S.H. told Miller that at the hearing on May 22, at which McAdoo and Elliott were present, they were informed that such an opinion was to be asked, and that Miller had even suggested to Mr. McAdoo to start a friendly suit to test the case.

June 11, 1923. p. 149

C.S.H. calls up Elliott who said that he was told of this at the hearing held May 22, and that Gov. Crissinger had also told him.

June 12, 1923. p. 149

The Board had voted to call for such opinion prior to said May 22 hearing, but Hoxton told C.S.H. he could find nothing as to this in his minutes.

C.S.H. spoke of this to the Board, and Gov. Crissinger and Platt agreed with C.S.H. that the Board had so voted.

The Board voted again on May 29th formally to ask for such an opinion.

June 13, 1923. p. 149, 150

C.S.H. tells Miller just what Elliott had said to him.

June 14, 1923. p. 154

Austin, F.R. Agent

Tells Board that if any material reduction is made in earning assets, expenses and dividends could not be earned.

Oct. 13, 1922. p. 4

C.S.H. moves to increase salary of Austin from $15,000 to $17,000. Miller all the investigations of the Economy and Efficiency Committee had already shown that Austin was utterly unfit for his position.

C.S.H. said that in view of that assurance from Miller, he would withdraw his motion.

Dec. 19, 1923. p. 193

Automobile

C.S.H. buys an automobile (second hand) from Wash. Cadillac Co. turning in his old car and paying $1365 in cash.

Dec. 16, 1922. p. 25

Axson, Doctor

C.S.H. meets Dr. Axson at dinner with Mr. & Mrs. Woodrow Wilson.

Oct. 23, 1923. p. 176
Baker, Secretary

Dr. Willis said he advised Baker to send out as the head of the Philippine National Bank some able banker, but Baker ignored his advice; that Baker was directly responsible for the bad conditions in the Bank.

April 20, 1923. p. 92

See—Philippine National Bank
Willis, E. P.

Baldwin, Chancellor of the Exchequer.


Present:
Sen. and Mrs. Glass; Mrs. Fred Grant; Sen. and Mrs. Kendrick;
Asst. Sec. and Mrs. Eliot Wadsworth; Comptroller and Mrs. Cristinger; Mr. and Mrs. Waring, and Anna.

Jan. 16, 1923. p. 30

Ball, R. L.

Member of Federal Advisory Council from Texas.

Says Talley is best man by all odds for Federal Reserve Agent of Dallas, although Collier was a good fellow; that he had endorsed Talley but was told he had no chance, and then he had written recommending Collier; that there was no question but that Talley was the best man and that his appointment would eliminate politics, which were behind Collier.

He also said that if Talley would give the credit for his appointment to the Republican boss Creager, he (Creager) had said he could secure it, but that Talley had declined.

Mr. Ball told C.S.H. that Talley was a Republican.
Feb. 21, 1923. p. 49, 50

Inorses Talley.
Feb. 24, 1923. p. 52

Baltimore and Ohio R.R. p. 63
See—Scriber.

Bancroft


Advocates giving Cuban Agency to Boston. May 7, 1923. p. 109

Bangor and Aroostock R.R.
See—Todd

Bank of Italy

Crissinger brought two National Bank Examiners before the Board. They said, Heron concurring, that there should be at least one competent examiner and two competent assistants at each branch bank in order to make a satisfactory examination.

Crissinger complained that California had only 8 examiners in all, and that the state could not examine a bank as large as the Bank of Italy without borrowing examiners from the Federal Reserve Bank to which he was bitterly opposed.

Crissinger said that if the Bank of Italy were to apply for a national charter, he would decline to grant one, because of the large number of branches (at that time, 65).

Crissinger did not deny that the Federal Reserve Bank could examine the Bank of Italy but said the expense would be inordinate, that is, size would dominate.

C.S.H. said the Federal Reserve Bank must examine every state member bank, whatever its size, unless it accepted the examination of the state authorities.

Crissinger insisted that the Board should take the same view of size as he did but C.S.H. pointed out that that was for the Board to determine.

Dec. 5, 1922. p. 13, 14

Crissinger took the ground that the Board should refuse to permit the Bank of Italy or other banks to acquire any further branches, because of the fact that California did not provide for adequate examinations.

C.S.H. said it would be monstrous for the Board to permit the Bank of Italy to retain its 65 branches and yet to refuse to permit other banks to have branches when conditions warranted it.

C.S.H. told Crissinger that if, as he (Crissinger) claimed, it was impossible to examine the Bank of Italy with its 65 branches, logically the Board ought to force the Bank of Italy out of the Federal Reserve system.

Crissinger said he did not insist on this, but wished to prevent any more branches for other state banks, as California was dumping them on the community with the feeling that the Federal Reserve System would examine them.

C.S.H. said we must examine them, if the state examination is bad.
Crissinger said this would impose an unjust tax on the community, even though, as C.S.H. pointed out, the banks examined must pay the cost of the examination.

C.S.H. and Platt pointed out that the national bank examiners brought to the meeting by Crissinger had admitted that it was no more difficult to examine 65 branches, than 65 independent banks.

Crissinger said that lending our examiners to the state authorities made the public think that the examination was a Federal Reserve examination.

C.S.H. replied that the Board would make a public statement which would clear this up.

One of the national bank examiners asked C.S.H. just what the scope of a Federal Reserve examination of state member banks and branches should be.

C.S.H. replied:

It should be a careful, thorough examination to ascertain the condition of the bank and branches as to solvency, general management, condition etc., but that the Federal Reserve Examiners should not undertake to ascertain whether the bank was violating the state banking Act, providing, of course, that the general condition of the bank was good; that the Federal Examiners should, of course, report as to any violation of the Federal Reserve Act; that if the Federal Reserve Board should publicly announce such a policy, it would throw the burden upon the state banking authorities, and that California would then have to make larger appropriations for state examinations.

C.S.H. believes that California cannot adequately examine her banks with such large number of branches with only 8 chief examiners, and that she is using Federal assistance to do work she ought to do herself.

C.S.H. believes the Federal Reserve Act makes it obligatory for Federal Reserve banks and their branches, no matter what the cost, unless they accept the examination of the state authorities.

C.S.H. believes that to refuse to permit Federal Examiners to help the state authorities in the state examinations would cause deep dissatisfaction and trouble, but that, on the other hand, it might be proper for the Board to fix some limitation beyond which it will not go.
Bank of Italy (Cont.)

C.S.H. believes

(a) The branches are authorized by the state.

(b) Section 9 of the Federal Reserve Act allows state banks to enter the Federal Reserve System with all of these charter and statutory rights "subject to the provisions of this Act and to the regulations of the Board made pursuant thereto."

(c) The Board must examine them: 1. When applying for admission.

(2) After admission, unless the state examination is accepted.

Dec. 5, 1922. p. 16

C.S.H. thinks the Board might take the position that for the present branch banking must be confined to the largest present number as a maximum, i.e., say 65 branches (Bank of Italy), allowing other banks, otherwise fitted, to attain this maximum.

Dec. 5, 1922. p. 16

The Federal Reserve Examiners were asked by the Board to examine the last report of condition of the Bank of Italy made by the state authorities.

They did this hurriedly and reported:

1. No objection to the form of the examination.

2. The findings as to doubtful assets were more favorable than the findings of national bank examiners as to the most conservative N. Y. banks, i.e., the National Bank of Commerce, N. Y.

3. This made them suspect the Bank of Italy examination.

Dec. 5, 1922. p. 17

Dr. Miller pointed out that many California merchants borrow in New York and not in California, and that they were the ones who had suffered most.

Dec. 5, 1922. p. 17

Dr. Miller also said that Federal Reserve Agent Perrin had reported that the Bank of Italy had been managed in a careful, conservative manner.

Dec. 5, 1922. p. 17

Perrin has often said this to C.S.H.

C.S.H. believes Crissinger is opposed to state bank branches simply because national banks can not have branches, and that he (Crissinger) would go so far as almost to declare war against state bank branches.

Dec. 5, 1922. p. 17
C.S.H. feels that Crissinger thinks only in terms of the national bank system, while the Board has to consider all member banks, state as well as national.

Dec. 5, 1922, p. 17

Conference with Elliott as to the examination of California state banks and branches.

Dec. 9, 1922, p. 20

C.S.H. reads from Volume 4, Federal Reserve Bulletin, in which the Board laid down the principle of cooperation with the state authorities, the examination, however, to be made by the state authorities.

Dec. 9, 1922, p. 20

The Board had previously ruled that examination of the Pacific Trust Company and the Bank of Italy must be paid for by the Federal Reserve Bank and therefore must be assessed against them under the Federal Reserve Act.

Dec. 9, 1922, p. 20

Elliott read telegrams from state banks stating that Perrin had entered into an agreement with them, before they entered the system, to examine them without expense to them.

Dec. 9, 1922, p. 20, 21

This undoubtedly grew out of the practice of accepting the state examination, which the circular of November 1918, read as above by C.S.H., stated had always been done in the past. The question now arises as to what rule to lay down for the future.

Dec. 9, 1922, p. 21

Wyatt advises Board that it has power to loan examiners to supervise and assist the state examination without imposing any charge.

Dec. 9, 1922, p. 21

Elliott stated that in California the state banks pay the entire cost of examination by payments into a state fund in proportion to their resources.

Dec. 9, 1922, p. 21

Elliott practically admitted that the California state authorities relied on the assistance of Federal reserve examiners to save the expense involved in examining the state banks with a large number of branches, e.g., the Bank of Italy, etc.

Dec. 9, 1922, p. 21

C.S.H. believes that the alleged agreement with Perrin has in the past somewhat justified them. Dec. 9, 1922, p. 21
Bank of Italy (Cont.)

Board voted to ask each Federal Reserve Agent to report what the practice was as to furnishing examiners, with or without expense, to assist in state examinations.

Dec. 12, 1922, p. 21, 22.

Elliott claimed:

California state banks get little help from the Fed Reserve bank, as a majority of their deposits are savings deposits, concerning which loans were very restricted and could create little eligible paper.

C.S.H. feels that the Board ruling that 10% reserve must be carried against these deposits (and not 5%) gives some support to the claim of the state banks that the Fed Reserve bank should help them in their examinations without charge.

The Board feels, however, that to furnish say 20 examiners as against 8 furnished by Calif is going too far.

C.S.H. feels, however, that to furnish say 20 examiners as against 8 furnished by Calif is going too far.

Dec. 12, 1922, p. 22

Board voted to allow a branch of the Los Angeles Savings and Trust Company at Pasadena.

Jan. 2, 1923, p. 34

C.S.H., and Crissinger voted No for reason that Perrin reported that there was no necessity for additional banking facilities there, upon a similar report the Board turned down the Yuba City application of the Bank of Italy.

Perrin, however, based his approval in this case on the ground that Pasadena was in the Metropolitan area of Los Angeles and that the Board voted approval.

Jan 3, 1923, p. 34

McAdoo called on C.S.H.

Complained of Board's attempt to crush the Bank of Italy's applications for branches.

Protested against Yuba City decision.

Denied the necessity for a simultaneous examination of the parent bank and branches.

C.S.H. tells him of Board's decision of Yuba City application.
Bank of Italy (Cont.)

He denied any purpose of the Bank of Italy to monopolize credit at Yuba City.

C.S.H. asked him to go before the Board and discuss all of these matters, and said he would arrange a meeting at any time.

McAdoo said he had no time and that it would be of no use anyway.

He was in C.S.H.'s office not over two minutes and did not even sit down. Jan. 17, 1926. p. 38

Applies for permission of the Stockholders Auxiliary Corporation to purchase the First National Bank of El Centro, California, under an agreement with the stockholders of the El Centro Bank, subject to the approval of the State Banking Department and the Federal Reserve Board. The Federal Reserve Agent, Perrin, expressed neither approval nor disapproval.

The Board voted not to approve the purchase, as at present advised, it could not approve its being turned into a branch.

March 6, 1926. p. 57

The Board based its refusal principally on the ground that it would not consent to the Bank of Italy establishing a branch in the Imperial Valley, 7 or 800 miles from its home office in San Francisco in territory naturally tributary to Los Angeles; that one of Los Angeles banks already had a branch there, and that it would surely lead to retaliation on the part of Los Angeles banks. March 6, 1926. p. 57

C.S.H. voted to deny the application, but solely on the ground that Perrin had not approved the application.

C.S.H. felt also it might enhance the difficulty of examination, a matter which was still pending before the Board.

March 6, 1926. p. 57

C.S.H. denied the power of the Board, under its power to impose conditions on admission, to regulate as to whether San Francisco banks should be allowed to invade Los Angeles territory and reserved the right to discuss and vote on this question when it came up specifically. March 8, 1926. p. 57, 58

McAdoo wires Board that he will agree that approval of the Board of the El Centro application for approval of negotiations for purchase, shall not commit the Board in any way as to whether later it will insist it as a branch.
Bank of Italy (Cont.)

C.S.H. moved that the Board approve the negotiations on the understanding that it is not committed as to its establishment as a branch.

Defeated by the vote.

Aye - Platt, C.S.H.
No - Crissinger, Miller.

April 10, 1923. p. 83

Board finally voted to inform McAdoo that its prior decision of disapproval remained unchanged.

Miller claimed that the defeat of C.S.H. motion to reconsider last week, committed the Board to the "sphere of influence" policy.


C.S.H. then moved:

That the Board, in passing upon branches, will consider:

1. The need of the territory for banking facilities (for a de novo branch).
2. The need for additional facilities (in case of voluntary purchase of an existing bank.)
3. The effect of taking over the branch on the parent bank.
4. No partition of "spheres of influence."
5. Acceptance of the decision of the state authorities as to the necessity from the point of view of the public.

C.S.H., then moved the Board agreed that this motion should wait as unfinished business until there was a full meeting of the Board. April 10, 1923. p. 84

McAdoo appears before Board.

Discusses application of Bank of Italy.

Lasted from 10:30 to 1:30.

C.S.H. said that the Board to agree generally with McAdoo's construction of the law, with the exception that it was
Complained bitterly of Board's decisions. May 18, 1923. p. 119

1. Sacramento case.

Board had declined this because it was outside the municipal area of San Francisco.

2. Yuba City.

Board declined this:

(a) Perrin's disapproval.

(b) Statement of Crissinger that he had evidence to prove that Bank of Italy wanted to establish a bank there in order to crush out a national bank there which it had tried but failed to purchase.

McAdoo claimed:

1. Federal Reserve Board is bound by the decision of the state banking department as to the need for further banking facilities.

2. That in passing upon an application the Board could only consider whether taking over the branch would impair the condition of the parent bank.

3. Board has no power to divide the state into "spheres of influence."

4. The Board has discriminated against the Bank of Italy in giving so many "tellers windows" so called, to the Los Angeles Banks.

5. These "tellers windows" are to all intents and purposes, branches. May 18, 1923. p. 119, 120.

McAdoo was very indignant at the alleged discrimination of the Board against the Bank of Italy.

C.S.H. said no member intended to discriminate, and McAdoo practically admitted this but said it was discrimination in law if not in intent. May 18, 1923. p. 120

See - McAdoo

C.S.H. said at the hearing that he agreed generally with McAdoo's construction of the law, with the exception that if it were
Bark of Italy (Cont.)

proved that a state bank wished to acquire a branch merely to destroy (as opposed to fair competition) an existing national bank he thought the Board would have power to decline the application for a branch.

McAdoo pointed out with some force that wherever a national bank had a monopoly it naturally placed a very high value on its stock, and often refused to sell at any price in order to perpetuate its monopoly, and that clearly the Board had no power to prevent fair competition by refusal to allow a branch. This seems sound to C.S.H.

May 18, 1923. p. 121

(C.S.H. made the statement as to crushing a national bank because of Crissinger’s statement that he had evidence to prove this in the case of the Yuba City application.)

McAdoo and Elliott came before the Board to obtain its consent to the purchase by the Bank of Italy of its stockholders auxiliary of a bank which was in a precarious condition.

The application was approved by Perrin and the state superintendent. May 22, 1923, p. 125, 126

After long discussion Miller moved to approve the purchase but to advise the Bank of Italy that it would not permit it to become a branch.

C.S.H. moved approval because of an emergency, with the statement that this action should not be taken as a precedent against any future policy laid down by the Board.

Both motions were defeated.

C.S.H. then renewed his motion but it was defeated by a tie vote.

Aye - C.S.H., Platt and James
No - Crissinger, Miller and Dawes

The real reason of those voting No was the "sphere of influence" policy.

C.S.H. begged them not to found any such policy as this case, where refusal would probably mean closing of the bank, but to treat it as an emergency.

Dawes then moved to reconsider and the motion prevailed.
Bank of Italy (Cont.)

It was finally voted to permit the purchase on the understanding
that the State Superintendent and the Bank of Italy agreed that
this permission should not be taken as a precedent against
any future policy the Board might lay down on the general question
of branches.

C.S.H. suggested that we treat the application as one for a branch
but Miller objected.

The Board agreed, however, that if later a branch was applied for,
it would have to grant it because of approval of the purchase.
May 23, 1924. p. 126, 127

Perrin wired that Bank of Italy had formally applied for a branch
at the above place.

The Board granted it in the above condition.
May 24, 1923. p. 127

Board voted to ask Perrin to review his adverse finding as to the
Yuba City branch, in order that the Bank of Italy might lay before
him additional evidence.
May 24, 1923. p. 127

Platt moved to reconsider the vote of the Board declining the
application of the Bank of Italy for a branch at Sacramento.

Defeated - Aye, C.S.H. Platt
No Crissinger, James, Miller, Dawes
June 1, 1923. p. 143

C.S.H. reported a form of letter to McAdoo giving the Board's reasons
for its original rejection of the applications for Sacramento
and Yuba City.

The Board had asked Perrin for a review of his report on Yuba City,
but this proposed letter was in response to McAdoo's request for
the reasons for the original refusal.

C.S.H. mentioned in the letter that the Superintendent of Banks had
given his certificate in the Sacramento case before his new policy
as to de novo banks.

Miller insisted this should be stricken out and that we should say
that the Board has no information that the Superintendent had
given a certificate in this case after the adoption of his new
policy.

June 1, 1923. p. 144
Bank of Italy (Cont.)

C.S.H. opposed this saying the Bank of Italy might get a new certificate, and the Board by such a statement would implicitly take the position that it all depended on the certificate to which C.S.H. and Platt would not object but to which C.S.H. thought the other members would object.

C.S.H. and Platt said the Board was bound to accept the certificate of the State Superintendent except, perhaps, in some extreme case, where it was clearly erroneous.

June 1, 1923. p. 144

The California Superintendent of Banks held a conference with the Board. June 4, 1923. p. 145

Present: Gov. Crissinger, Platt, and C.S.H.

The Superintendent said he had changed the state policy as to branch banks; that there was a feeling that former superintendents had gone too far and had been too easy in granting permits; that his new policy was formed after an agreement entered into with the various banks.

He said his new policy was to permit branches in the town or city of the parent bank when necessary, but not to permit branches of new outside except where, for special reasons, he should grant a certificate.

He said he had the certificate to Sacramento to the Bank of Italy before this change of policy.

He further said that if now asked for a certificate he should decline to give it.

June 4, 1923. p. 145

The above clearly justifies the Board in rejecting Sacramento.

C.S.H. and Platt voted to grant it relying on the original certificate of the Superintendent, but they had known his present attitude that they would have voted differently. p. 146

The Superintendent was asked as to Yuba City and said he would go over it again carefully.

He said he felt the examination question could be worked out satisfactorily and that he would examine the Bank of Italy and branches simultaneously with his force augmented by clerks from
the auditing and other departments, with such help as the Federal Reserve Bank would give him. p. 146

He said our ruling requiring a 10% reserve against special savings deposits was regarded as very extreme and would cause great hardship on certain banks.

June 4, 1923. p. 145, 146

At Board meeting today the reading of the minutes of the last meeting (C.S.H. absent) showed that Wyatt's memorandum to the effect that Elliott wished to file a brief with the Attorney General on the proper construction of Section 9 was "noted."

June 11, 1923. p. 148

Miller claimed it was the intention of the Board to reject it.

C.S.H. moved to inform Attorney General that Elliott desired to file a brief, the Board neither approving or disapproving but merely to inform the Attorney General.

Carried.

Crisinger absent, all voted Aye except Miller.

Miller was very angry and said no one should be permitted to file a brief.

C.S.H. asked Miller if he feared that Elliott would convince the Attorney General that his (Miller's) and Wyatt's opinion was wrong. June 11, 1923. p. 149

Miller charged that some member had improperly told Elliott that the opinion of the Attorney General had been or was to be asked.

C.S.H. said that this fact was told to McAdoo and Elliott at the hearing on May 22, by the Board, and discussed freely.

C.S.H. also said that at that hearing Miller suggested to McAdoo to start a friendly suit to test the matter.

June 11, 1923. p. 149

C.S.H. asked Elliott how he came to know that an opinion was to be asked for.

Elliott said Gov. Crissinger told him and that the Board also mentioned it at the hearing of May 22.

June 12, 1923. p. 149

As a fact the Board had agreed to ask for an opinion prior to May 22 but Hoxton told C.S.H. his minutes did not show it.
C. S. H. told this to the Board and Gov. Crissinger and Platt agreed with C. S. H. that the Board had so voted. Later, on May 29, the Board again formally voted to ask for the opinion.

June 12, 1923, p. 149, 150

Miller moves to reconsider the Yuba City application.

June 12, 1923, p. 150

The Board had asked Perrin to review his unfavorable report and Perrin had just sent to the Board a report reversing his original report and approving the application.

In this latter report he said:

1. There was need of additional banking facilities in Yuba City.

2. That the national bank then would not be crushed by the establishment of this branch.

3. That, on the contrary, the president of the national bank favored this application, on the ground that it was inevitable that additional banking facilities must be established in Yuba City and Sutter County to care for the growing business of Yuba City.

June 12, 1923, p. 150

C. S. H. said he voted originally against the application because of Gov. Crissinger’s statement that he had a telegram which convinced him that the Bank of Italy wished to crush the national bank, not being able to buy it; but that now it appeared there was no such danger, but that, on the contrary, the national bank favored the application.

C. S. H. also said he understood that the state bank superintendent had given his approval.

Gov. Crissinger doubted this but some member pointed out that it was the Sacramento bank to which the Superintendent had said he would not issue a new certificate since his change of policy.

(See supra, June 4, 1923, page 165, diary).

It was also pointed out that the Superintendent did favor allowing this branch.

C. S. H. said he felt bound to follow the state policy, and that, on the assumption that the Superintendent had approved this branch, he felt bound to vote to reconsider.

Miller also favored reconsideration.
Bank of Italy (Cont.)

The motion failed.

Aye - C.S.H., Miller, Platt

No - Gov. Crisinger, James, Dawes, Cunningham.

June 12, 1923. p. 151

Miller begs Board to reconsider Yuba City application.

June 14, 1923. p. 153

Says Board relied on Perrin's first adverse report and a telegram of protest from the national bank; that we had asked Perrin to review his report and he had sent us a second report stating that there was need of additional banking facilities, and that the national bank would not be crushed, but that, on the contrary, the president favored it.

June 14, 1923. p. 153

Miller said refusal would put our Board in an arbitrary and ridiculous position and would lay us open to a charge of discrimination.

June 14, 1923. p. 153

Gov. Crisinger said he did not believe there was need of additional banking facilities in Yuba City.

Miller said Gov. C. could not claim this in view of Perrin's findings.

C.S.H. pointed out that Gov. C. was not bound, in law, by Perrin's findings, but could logically refuse to accept them, although C.S.H. did accept them.

June 14, 1923. p. 154

No action was taken, but it was left for consideration by the new committee on examinations, when appointed.

June 14, 1923. p. 154

C.S.H. tells Miller that Elliott told him that he learned that the Board was to ask an opinion from the Attorney General, from Gov. Crisinger, and also from the Board itself at the hearing of May 22. (See supra, June 12, 1923, p. 149)

June 14, 1923. p. 154

Gov. Crisinger reads letter from Elliott asking to be shown the 2nd report from Perrin on Yuba City. July 31, 1923. p. 159

The Board had previously refused to show this report to Elliott, and none of those who so voted would move to reconsider the refusal.

July 31, 1923. p. 159

The above refusal places the Board in a ridiculous position. When Elliott and McAdoo protested, at the hearing, against the Yuba City decision, the Board justified it on the ground of Perrin's
Bank of Italy (Cont.)

first report that there was no need of additional banking facilities there.

C.S.H. also said to McAdoo that if the purpose was to crush the national bank (referring to Gov. Crissinger's statement) he thought the Board had power to refuse the application. (See supra, May 18, 1923)

Finally, Elliott and McAdoo asked the Board to ask Perrin to review his report so that they could lay before him further evidence.

The Board informed them that it would grant this request, thus by necessary implication taking the position that if Perrin found that there was a necessity for further banking facilities, and that there was no attempt to crush the national bank, the Board would approve the application.

Perrin sent in a report finding that there was need of additional banking facilities and that the national bank, so far from fearing crushing, actually favored the application, on the ground that it was inevitable that banking facilities be extended to meet the growing business of Yuba City.

The Board then deliberately refused to reconsider and grant the application.

Finally the Board refuses to permit Elliott to see this second favorable report of Perrin, although it had given him a copy of the first adverse report.

This refusal was made, in C.S.H.'s opinion, knowing that if the second report was made public it would convict the Board of deliberate discrimination against the Bank of Italy.

1. Board considers application of Bank of Italy to establish a branch at Long Beach, California, 25 miles southwest of Los Angeles.

2. Also considered application of Pacific S.W. Savings and Trust Company to establish a branch at Porterville, 226 miles from Los Angeles, but south of Fresno which is the dividing line between San Francisco and Los Angeles as to freight charges. July 31, 1923, p. 159

#1 involves the question of spheres of influence; #2 does not.

Perrin report both favorably as did also the State Superintendent.

C.S.H. and Platt favored approval of both in accordance with Perrin's report.

Gov. Crissinger, James and Miller opposed both. p. 159
Bank of Italy (Cont.)

C.S.H. then offered the resolution he offered on April 10, 1923, as to the Board being bound by the decision of the State Superintendent as to necessity, and against the power of the Board to divide the state into spheres of influence (See supra, April 10, 1923, diary p. 84)

Miller, after long discussion, moved reference to the committees on examinations, which was finally voted.

July 31, 1923. p. 160

Miller then moved that, in view of the strong opposition to this resolution on the part of 3 members of the committee, the two petitions be referred to the committee to report back reasons which the Board might give should it finally determine to reject both applications.

This was passed, C.S.H. voting no.

July 31, 1923. p. 160

The Committee reported in the form of a resolution, that both applications should be rejected.

August 2, 1923. p. 160

Reasons given:

1. State banks with numerous branches can not be examined satisfactorily either by the state authorities or by the Federal Reserve bank.

2. Admission of state banks with unlimited right to establish branches is inconsistent with the spirit of the Federal Reserve Act, etc. etc. (Rounded on Wyatt's opinion).

3. No mention of C.S.H. resolution.


Board voted to decline both applications.

Aye - Cristinger, Dawes, Cunningham, James, Miller

No - C.S.H., Platt.

August 2, 1923. p. 160, 161

Miller offers a proposed letter to Parrin, announcing Board's decision.

C.S.H. objected that this letter did not give the real reasons for rejection.
C.S.H. moved that the resolution of the Board (based on said committees report) be sent to Perrin and to the banks interested.

This motion finally passed.

Miller voted to reject both applications, but also voted against the resolutions because he objected to some of the reasons given. p. 161.

C.S.H. and Platt agreed to insist that the letter to Perrin conveying the resolution should state that the vote was a majority vote, and that if this was voted down we should give out a public statement, that a minority report had been filed and that C.S.H. and Platt had voted in favor of both applications.

August 2, 1923. p. 161

Platt tells C.S.H. that Perrin protests against giving said resolution to the banks interested.

August 14, 1923. p. 162

Elliott tells C.S.H. that he had learned that the committees on examinations was to report a branch bank resolution on Friday next. Did not say how he heard this but C.S.H. assumes Gov. Crissinger told him. This was the first information C.S.H. had as to this. October 31, 1923. p. 177, 178

James, the next day, told C.S.H. this was true.

C.S.H. asked Gov. Crissinger who said that a resolution had been prepared.

C.S.H. said James said it would come up Friday but that he had to leave for Mattapoisett that evening and could not be here Friday.

Gov. Crissinger said it could not come up on Friday, as he was not satisfied with it in its present shape.

C.S.H. told this to James who rather ungraciously agreed to let it go over until next week.

James said Secretary Wellen should also be present.

C.S.H. agreed to this and said he could say all he wanted about the resolution in five minutes. p. 178

The branch bank resolution offered by the committee was considered and adopted. Nov. 7, 1923. p. 178
Bank of Italy (Cont.)

This resolution provided that after February 1, 1924, the Board would decline all applications for branches outside the city of location of the parent bank and territory contiguous thereto; that applications filed prior to February 1, 1924, for branches outside such territory, would, however, be decided on their merits, etc.

Vote:

Aye - Gov. Crissinger, Dawes, Cunningham, James

No - C.S.H., Platt, Miller.

Nov. 7, 1923. p. 178

Gov. Crissinger said he thought the resolution transcended the powers of the Board, but he feared that the national banking system was doomed to destruction unless Congress should change the law, and that therefore (1) he should vote for the resolution. If Gov. Crissinger had voted in accordance with his expressed opinion that the resolution was not within the power of the Board, the resolution would have been lost by a vote of 4 to 3.

Sec. Mellon sent word he could not be present and asked the card to go in without him.

C.S.H. regrets this as he believes that Mellon would have also been of opinion that the resolution was illegal and would have voted against it.

James accused Miller of filibustering against the resolution, and Miller answered him very angrily.

The debate centered upon C.S.H.'s motion to substitute Platt's minority report for the majority report, which was lost by the same vote as above.

The Board voted to grant the petition of the Pacific S.W. Trust Company to acquire the Porterville branch with two other branches owned by the Porterville bank.

Nov. 28, 1923. p. 179

James and Dawes voted for this to the great surprise of C.S.H., for they both opposed it when the Board originally refused it on July 31, 1923. (See supra, diary page 169, 160.)

James said the Board's resolution did not take effect until Feb. 1, 1924, and that, meantime, every application should be decided on its merits.
As Dawe and James are opposed to any branches, except perhaps, in the city of location, it may seem inconsistent now to grant this application, but it is not really so, as the Board in the past has repeatedly granted applications for branches outside the city of location, and the resolution provides that prior to Feb. 1, 1924, each application shall be decided on its merits, i.e., according to the policy of the Board up to the time of the said date.

Some members pointed out this alleged inconsistency, but C.S.H. originally pointed out that to have the adoption of the new policy to take effect in the future, Feb. 1, 1924, inevitably would cause trouble, in that applications filed before Feb. 1, 1924, would have to be decided according to the former policy of the Board.

C.S.H., therefore, sees no inconsistency in now approving this application and therefore voted to approve it.

Board takes up application of Bank of Italy for branches at Watson City, Long Beach and Santa Maria.

Dec. 17, 1923. p. 190

There had been rejected on August 2, 1923, (See supra p. 160,161)

James said the Bank of Italy had deliberately violated its agreement with the Board not to buy over 20% of the stock of any new bank without the consent of the Board. p. 190

It seems that McAdoo had advised the Bank of Italy that the stockholders committee of the Bank of Italy Corporation could buy stock, notwithstanding such agreement, as they had no connection with the Bank of Italy.

C.S.H. said that while, technically, McAdoo's opinion might be correct, he felt that looking through form to substance, the Bank had not acted in good faith in the matter.

C.S.H. said that what troubled him was, whether in spite of his opinion, he should use this as a reason for voting to reject the applications, inasmuch as, in each case, the state bank superintendent had certified that the public interest and necessity demanded these branches, and that Perrin had certified to the same effect.

Later, however, it appeared that the agreement of purchase was made expressly subject to the approval of the Federal Reserve Board.
Bank of Italy (Cont.)

C.S.H. said this put a different complexion on the matter and he was inclined to feel that it dispelled James charge of bad faith.

James said, were it not for the bad faith, he would vote for at least some of these applications.

The vote to approve was lost by a tie.

Aye - Gov. Crissinger, Platt and C.S.H.
No - James, Cunningham, and Dawes

Dr. Miller refused to vote.

Dec. 17, 1923 p. 190, 191

Miller, later, moved to reconsider and Gov. Crissinger ruled that he had this right, although he had declined to vote on the original motion.

Dec. 17, 1923. p. 191

On Miller's motion to reconsider, reconsideration was ordered.

The applications for Long Beach and Watson City were approved; Miller voting aye.

Dec. 18, 1923. p. 192

The application for Santa Maria was then rejected, Miller voting no.

Dec. 18, 1923. p. 192

The application for Santa Maria was then rejected, Miller voting no.

Dec. 18, 1923. p. 192

Baruch, Bernard M.

Gratly cheers Mr. Wilson on occasion of a call on him.

Sept. 25, 1923. p. 173

Baruch, Bernard M.

Greatly cheers Mr. Wilson on occasion of a call on him.

Sept. 25, 1923. p. 173
Beal, Thomas P.

Feared appointment of Governor Harding as Gov. of the Federal Reserve Bank of Boston might be construed as a slap against the administration.

Dec. 16, 1922. p. 26

Death of C.

May 25, 1923. p. 130

C.S.H. attends funeral

May 26, 1923. p. 130

Birthday of C.S.H.

Mr. and Mrs. Wilson receive C.S.H. a rabbit's hind foot mounted in gold, as a birthday present.

Aug. 30, 1923 p. 163

Birkenhead, Lord

C.S.H. speaks to Mrs. Wilson about the recent attack of Lord Birkenhead on him.

Mr. Wilson said that while in many ways he was an able man, in many others, he was an unmitigated ass.

C.S.H. said he was grateful to Birkenhead for his frank exposition of the selfishness of nations, and for his advocacy of the long exploded theories of Mandeville and Hobbes, of over 200 years ago, long since refuted by English Ethical philosophers, that only the fittest survived, that the gain of one was the precise measure of the loss of the other, and that the same principles applied to nations.

C.S.H. said these beastly conceptions were valuable as furnishing a background, a chiaroscuro, so to speak, against which the idealism of Wilson shone forth like a glittering diadem; that if the U.S. had but followed Birkenhead's ideals we should have kept out of the war and created Britain would now be hewing wood and drawing water for Germany.

Sept. 25, 1918. p. 172, 173

Just before this Charles Warren wrote a letter to Birkenhead protesting against his remarks, sending me a copy which I read to Mrs. Wilson at Mattapoisett.

C.S.H. writes a letter to Wilson praising his article in the Atlanta Monthly and attacking Lord Birkenhead.

Oct. 9, 1923. p. 175

President Wilson writes C.S.H. severely attacking Lord Birkenhead.

Oct. 10, 1923. p. 176
Blake, Mrs. Arthur
Sends her automobile to C.S.H. for use of Mrs. Wilson while our machine, damaged by collision, is being repaired.
Aug. 30, 1923. p. 166

President Wilson sends his regards to Mrs. Blake. Asks me to her maiden name and writes C.S.H. referring to her connection with one of the honored families of N.E. - the Greenoughs. C.S.H. gives the letter to Mrs. Blake.

Bliss, Asst. Sec.
Name appears on list of a bootlegger assisted in Washington.
March 14, 1923. p. 63

Bolling, John Randolph,
C.S.H. sees Dr. Wilson and Mr. Bolling.
Sept. 4, 1923. p. 165

Says Wilson is gaining; that he was able to go up to his room in the elevator alone; that for a long time his brain had to fight to keep him up.

Sept. 11, 1923. p. 167

Says Wilson is most anxious to recover the use of his left arm; that at times he is very emotional; that he usually warned callers against expressing sympathy or eulogizing him, as it rather unnerved him.

He referred to the tears in Wilson's eyes when I told him of the reception Mrs. Wilson received in Mattapoisett and of the address she delivered. To me, however, this merely revealed his deep affection for Mrs. Wilson.

Sept. 11, 1923. p. 167, 168

Gov. Harding said Bolling replied in a very brusque manner saying that Mr. Wilson would not consent to his publishing his letter to Gov. H. on the subject of the British exchequer loan.

Sept. 22, 1923. p. 171

Bolling said Mr. Wilson had written a letter to some friend saying he did not care to see Prof. McElroy's book on Cleveland, as from what he knew of McElroy he was sure it would not be well done.

Dec. 4, 1923. p. 184
Bolsheviks.

Admiral Niblack tells G.S.H. that the Russian Bolsheviks had faithfully kept to their agreement with the U.S. as to supplies shipped to them, but that, for some reason this had never been made public.

Nov. 10, 1923. p. 10

Harriet Hanlin tells Wilson that the Fascisti in Italy was originally a patriotic society something like our American Legion bent on putting down Bolshevism.

Dec. 27, 1922. p. 30

Bonus, Soldiers

Mitchell (F.R Board) tells G.S.H. he is disgusted with Senator Kellogg because of his vote for the bonus, that it was done to catch votes.

Dec. 28, 1922. p. 33

Bootlegger

A Washington bootlegger was arrested and found with list of persons, presumably customers, which the Washington Post printed.

The published list, among many others, contained the names of Cong. Hill of Baltimore, Assistant Sec. Bliss of the State Department, Mr. Thom. Annex was told by a friend in the State Department that President Harding's name, Secretary Weeks, and Edward McLean, owner of the Washington Post, were also on the list, but were not printed by the Post.

The bootlegger made an affidavit that the list was merely one of persons to whom he hoped to sell automobiles.

Borah, Sam.

Mr. Wilson tells G.S.H. that he believed Borah to be a sincere man, but one who always fell short of practical accomplishments.

Dec. 27, 1922. p. 29, 30.

Borrower, Section 13, Federal Reserve Act

Gov. Say asked the Board to consider his argument against the correctness of Logan's and Wyatt's opinion on the following factor:

A cattle raiser sells cattle to 6 farmers, taking their individual notes for each steer, each note being within the 10% limitation of Section 5200, Revised Statutes; the cattle raiser then discounted these notes with a member bank, indorsing each note.
The member bank offered these notes for rediscount with the Federal Reserve Bank.

The Federal Reserve Bank refused to rediscount them on the ground that the cattle raiser was the real borrower under section 13 and the sum of the notes, although each was signed by a different maker, exceeded 10% of the capital and surplus of the member bank.

Our counsel Logan held that the makers of the notes were the real borrowers under Section 13 and that the notes were technically eligible for rediscount, whatever the policy of the bank might be, and Wriston concurred in this opinion.

C.R.H. prepared a memorandum reaching the same conclusion.


The Board referred this to the Federal Reserve Agents Conference, but they were divided and no conclusion was reached. 13. 3.

If the above opinion is correct, then an early opinion of Elliott, that a borrower ceases to become a borrower of a bank which has rediscounted his note with another bank, - must be wrong, for if the borrower ceases to be a borrower of the bank from which he originally borrowed the money, he must become a borrower of the bank which rediscounted his note, and, in Gov. Seay's case, this would be the Federal Reserve Bank. Congress, however, never intended that the Federal Reserve Bank should become the direct creditor of the original borrower. In C.R.H's opinion, once a borrower, always a borrower.

Boston, Federal Reserve Bank of

The Federal Advisory Council advised the Board that the discount rate of 4% at Boston, New York, and San Francisco, should be raised to 4 1/2%.

February 20, 1923, p. 47

The Board felt there were some signs of speculative activity at Boston.

Board felt there were some signs of speculative activity at Boston. p. 48

Boston wired asking for approval on increase from 4% to 4 1/2%.

February 21, 1923, p. 48

Miller, while at first not directly opposing this increase, finally said it should be postponed until the adjournment of Congress, as otherwise Congress would attack the Board. p. 48, 49.
Bo. on, F31 )r al Reserve Bank of ( Cont )
Miller. Loved to table the tter. 

Crissinger and Miller voted tc ti. but the others voted Tc and motion was lost.

On the main motion to approve the increase, Crissinger and Miller voted Aye and all the others No, and it was carried.

Feb. 21, 1923. p. 48, 49.

Federal Reserve Bank asks for approval of increase in discount rate on 9 months agricultural paper to 5%, as on principle the longer maturity demands a higher rate.
April 7, 1923. p. 52

Although 4 Federal Reserve banks have put in the same rate for 9 months as for 6 months agricultural paper, and although the discount of agricultural paper of all maturities is very small at Boston, the Board felt it ought not to override the wishes of the directors, and therefore, approved the increase. p. 52

Cuban Agency

Boston Claring House
Committees of Boston Claring House attend Cuban Agency hearing and advocate designation of Federal Reserve Bank of Boston.
May 7, 1923. p. 107

Bradley

Salary committee reported favoring dropping of Bradley from roll of Counsel's office. This was done without consulting with the Law Committee, nor had Wyatt ever suggested this to Law Committee or mentioned it in his written report concerning salary changes.

Bradley was originally appointed as Private Secretary to Elliot and was given same salary as private secretaries to Board members, and now receives, I think, $2800.

On C.S.H. motion, matter was referred to Law Committee and C.S.H. and Platt reported that Bradley was qualified to earn $1800 as stenographer, and so recommended.
The Board, after a long discussion, voted to drop him from the roll on June 1, 1924, but that he could receive his present salary until then. Miller was the cause of this action, and talked at great length of the absolute necessity of cutting out dead wood, etc.

C.S.H. and Platt said Wyatt had reported that Bradley was perfectly competent to act as a stenographer at $1800 a year and that if dropped, a new stenographer would have to be appointed in his place.

James said he would vote for $1800 for him but when the vote came he voted to drop him.

C.S.H. and Platt gave notice that if he was dropped from the roll we should object to the appointment of any new stenographer.

Dec. 20, 1923.

Cunningham tells C.S.H. he had misunderstood the vote as to Bradley and thought the Board had merely abolished his secretarial duties and that he had not been dropped from the rolls. He also said he would be glad to move to reconsider tomorrow.

C.S.H. asked him to see James and later he said he had seen James who said he would vote to continue Bradley as a stenographer at $1800.

Dec. 20, 1923.

Bov. Ortsinger, at C.S.H.'s request, called a special meeting to consider Bradley's case.

C.S.H. stated what Cunningham said to him yesterday, - Cunningham had not then come in.

C.S.H. said the reading of the records showed that the Board merely voted to discontinue Bradley's secretarial duties, i.e., to abolish the office of secretary and stenographer, and that some other action was necessary.

C.S.H. accordingly moved that Bradley be continued as a stenographer at $1800.

A bitter debate followed, - Miller said we were trying to carry along dead timber, that the committee's report on salaries was the most carefully nued of any he had ever seen, and that if we did not sustain it he should move to discharge all committees of the Board.

As a fact, however, Miller was on this committee, but did not sign the report, but in the Board voted against practically every increase favored by the committee.
Bradley (Cont.)

James voted with Miller as to Bradley.

C.S.H. said he had asked for this special meeting on Cunningham's suggestion to him that James said he would vote for $1800. Cunningham, to C.S.H.'s great surprise, denied he had said this to C.S.H., and James also denied having said it.

Gov. Crissinger then said to James, "I heard you say yesterday that you would vote for $1800 for Bradley. James said, "Yes, I did, and I am willing to now" and then he voted to drop Bradley.

Miller, Cunningham, and James voted No. Gov. Crissinger did not vote and the motion was lost.

Gov. Crissinger told C.S.H. later that Bradley should have been held at $1800, but he declined to vote.

Cunningham then said he would vote for $1500 which Eddy said was the market value for a stenographer.

C.S.H. pointed out that Bradley had been doing stenographic work in the Board for 9 years, and, therefore, should not now come in at the initial rate of $1500.

C.S.H. then sternly asked Eddy if he had recommended to Wyatt any one to fill Bradley's place.

Eddy flushed and stammered and finally admitted that he had one stenographer, a good man, for whom he had no use, to whom he was paying $1500, and that he had recommended him to Wyatt for appointment in place of Bradley. C.S.H. is satisfied that this is the "Negro in the mud pile!"

C.S.H. will try to find whether Eddy made this recommendation for the good of the service, or whether he had some other reason in view.

Dec. 21, 1923. p. 194, 195

Branch banks. (See also, Examinations)

Board voted to grant application of Los Angeles Savings and Trust Company for a branch at Pasadena, Calif, on ground that it was within the Metropolitan area of Los Angeles. C.S.H. voted No, as Federal Reserve Agent Perrin had reported no necessity for further banking facilities there, and because the Board had refused the application of Bank of Italy for Yuba City. Jan. 3, 1924. 34
Branch banks (Cont.)

Application by Bank of Italy for approval of purchase by Stockholders Auxiliary Corporation of the First National Bank of El Centro, California, said agreement of purchase having been made subject to the approval of the state banking department and of the Federal Reserve Board.

Federal Reserve Agent Perrin neither approved or disapproved.

Board declined to approve, as it would not approve turning above bank into a branch, if such application were later made.

Board did not favor the Bank of Italy going 7 or 800 miles down into the Imperial Valley, into territory naturally tributary to Los Angeles banks, one of which already has a branch there, as it would certainly lead to retaliation on the part of the Los Angeles banks.

C.S.H. voted not to approve, for reason that Federal Reserve Agent Perrin did not recommend it, and because it would probably enhance the difficulty of elimination, a question still pending.

C.S.H. doubted power of Board, under its power to impose conditions upon entrance, to refuse to allow San Francisco banks to invade territory tributary to Los Angeles, and reserved right to vote on this question when it came up specifically.

March 6, 1923. 57, 58.

McAdoo wires Board that he will agree that if Board will approve the purchase of the El Centro bank, it will not thereby be committed to approving it later as a branch.

April 10, 1923. p. 83

C.S.H. moved.

Defeated:

Aye: C.S.H. & Platt
No: Crissinger & Miller

Decided finally merely to tell McAdoo that Board's decision was unchanged. April 10, 1923. 83

Dr. Miller claimed that this refusal of the Board to reconsider decided the question as to policy, spheres of influence, etc.

C.S.H. and Platt denied this. 84

C.S.H. moved that the Board in passing upon branches would consider.
Branch banks (Cont.)

A. The need of the territory for banking facilities (if a branch is new); or for increased banking facilities (if a bank is already there); or whether for public interest (if an existing bank is being purchased).

B. The effect of proposed branch or parent bank's condition.

C.S.H. moved also declaration of policy that Board will not lay down areas or zones, but will accept finding of state superintendent as to public necessity and advantage.

April 10, 1923, 83, 84.

C.S.H. asked that above motion be considered as unfinished business, to be voted on where there was more nearly a full Board. Agreed to. 84

Mr. McAdoo appeared before the Board, from 10:30 to 1:30.

May 18, 1923. 119

Complained of Board's decision as to Sacramento and Yuba City.

Board had declined Sacramento on ground that it was beyond the Metropolitan area of San Francisco, (yet the Board had granted an application for Pasadena to a Los Angeles bank).

Board had declined Yuba City on the grounds:
1. Perrin's disapproval
2. Crissinger's statement that the purpose was to crush out an existing national bank which refused to sell out.

McAdoo argued that Board was formed by the certificate of public advantage of state superintendent; that the Board could only consider whether the branch would impair the condition of the parent bank; that the Board had no power to divide the state into zones; that the Board had discriminated against the Bank of Italy by giving so many local agencies to Los Angeles banks; that these agencies were, in effect, branches.

McAdoo complained to C.S.H., at Cosmos Club, of discrimination against Bank of Italy. 120

C.S.H. assured him no members intended to discriminate.

McAdoo said it was discrimination in law, even if not in intent.

McAdoo referred to Crissinger's discrimination against state banks.
C.S.H. pointed out that Crissinger, as Comptroller of the Currency, represented national banks, but as Governor of the Federal Reserve Board he represented both national and state banks, and that he hoped and believed he would try fairly to represent both. 120, 121

C.S.H. told McAdoo at the hearing that he was in accord generally with his construction of the law, except that he believed that if in any case it were proven that a state bank wished to establish a branch merely to destroy an existing unit bank and that there was not enough business for two banks, the Board could lawfully deny the application. 121

Mr. McAdoo pointed out that whenever a national bank has a monopoly it puts a very high price on its stock and often refuses to sell at any price to perpetuate a monopoly, and he claimed the Board had no power to prevent fair competition by refusal to grant a branch.

This seems to C.S.H., assuming that there is business enough for both banks. 121

McAdoo and Elliott came before Board to obtain authority for Bank of Italy on its subsidiary corporation to purchase a bank at Ontario, which was in a precarious condition. May 22, 1923. 125

Perrin and bank superintendent reported favorably. 125, 126

Mills moved to grant application but with notice that it could not be admitted as a branch. 126

C.S.H. moved to amend so as to permit a branch but with statement that this was an emergency not to stand as a precedent for future action.

Both motions were defeated.

C.S.H. then again offered a motion like the above.

Defeated.

Vote: Aye, C.S.H., Platt, James
No: Gov. Crissinger, Miller, Dawes

Those voting no believed the location was beyond the proper sphere of the Bank of Italy.

C.S.H. begged Board not to base a zoning policy on such a case as this, but to grant it as an emergency.
Branch banks (Cont.)

C.S.H. said he could not move to reconsider as he had voted in favor of the application.

Dawes said C.S.H. had convinced him and moved to reconsider.

Voted to reconsider.

Voted, finally, to grant the application on condition that the Bank of Italy and the State Superintendent agreed that this should not interfere with any future policy the Board might adopt.

C.S.H. advised treating the application as one for a branch, but Miller objected, 127.

The members all agreed, however, that if an application for a branch were filed they would grant it on above conditions, 127.

Perrin wired the Bank of Italy and formally applied for a branch, and Board voted to grant it on above condition.

May 24, 1923, 127.

Board also voted to ask Perrin to review his unfavorable finding as to the Yuba branch. May 24, 1923, 127.

McAdoo asks Board for its reasons for rejecting Sacramento and Yuba City applications of Bank of Italy.

June 1, 1923, 143.

C.S.H. reported a draft of reply to McAdoo.

The Board had asked Perrin to review Yuba City but C.S.H.'s letter was in response to McAdoo's request for reasons for the original rejection.

C.S.H. in the letter said:-

1. Sacramento

   The State Superintendent gave his certificate before the new policy he adopted as Banks de novo. 144.

   Miller insisted on stating that the Board has no information that the Superintendent gave the certificate after his new policy was adopted.

C.S.H. objected, saying the Bank of Italy might get a new certificate, and such a statement would put the Board in the apparent position of relying upon the presence or absence of a certificate from the State Superintendent; that he and Platt would not object to this, but he thought the other members would object.
Branch banks (Cont.)

C.S.H. and Platt said as a matter of law, the Board was bound to accept such a certificate, except in an extreme case, when it was proved clearly erroneous.

Johnson, California State Bank Superintendent has conference with Board. June 4, 1923.

Present: Gov. Crissinger, Platt, C.S.H.

Johnson said he had brought about a change of policy as to branches; that previous Superintendents had been very easy in granting permits; that his present policy, reached after an agreement with the various banking interests, was to permit branches in the location of the parent bank when necessary, but not to permit de novo branches outside except in special cases.

Johnson said he gave a certificate to Bank of Italy for Sacramento before his change of policy, and if one were asked for now he would decline to give it.

This justifies Board in refusing the Sacramento application.

C.S.H. and Platt voted for it because of the certificate given by the State Superintendent; if they had known his present attitude they would have voted against the application.

Johnson said he would go over the Yuba City application again.

Wyatt files memorandum stating that Elliott desires to file a brief with the Attorney General as to the construction of Section 9, Federal Reserve Act.

Miller said it was the intention of the Board not to approve this. June 11, 1923.

C.S.H. moved to inform Attorney General of Elliott's desire, neither approving nor opposing it.

On vote, all favored this except Miller who said no one should be permitted to file a brief with the Attorney General.

C.S.H. asked if he feared Elliott would convince the Attorney General that the views of the majority were in error.

Miller then intimated that some member had improperly told Elliott that the Board was to ask an opinion from the Attorney General.
Branch banks (Cont.)

C.S.H. said this fact was stated to Elliott at the hearing, and that Elliott then asked for consent to file a brief; that Dr. Miller even suggested to McNamara to bring a friendly suit. 149

Elliott confirms this to C.S.H. and says also that Gov. Crissinger told him. 149

As a fact, the Board agreed to ask for an opinion prior to May 23, but Hatton later told C.S.H. he could find no reference to it in the minutes.

C.S.H. stated this to Board and Gov. Crissinger and Platt remembered that the Board had so voted. On May 29, the Board again voted to ask an opinion. 150

Dr. Miller moves to reconsider the Yuba City application. June 12, 1923. 150

Motion was based on second report from Perrin reversing the first report and approving the application.

Perrin said in this second report that additional banking facilities were needed at Yuba City; that the existing national bank there would not be injured; that, on the contrary, its President favored granting the application, on the ground that some new bank must be established there to take care of the growing business of Yuba City and Sutter County. 150

C.S.H. said he originally voted against the application because Gov. Crissinger said he had received a telegram satisfying him that the Bank of Italy sought to crush the national bank, not being able to buy it.

C.S.H. also said that now the national bank favored the application and the State Superintendent had given his certificate of approval. 151

Gov. Crissinger doubted this but it was pointed out that the State Superintendent said he would not give a certificate, under his new policy, to Sacramento, but that he did approve Yuba City. 151

C.S.H. said he felt bound to accept the certificate of Johnson.

Dr. Miller agreed with C.S.H.

On vote, the motion was lost.

Aye - C.S.H., Platt and Miller
No - Gov. C. James and Dawes. 151
Dr. Millar urges reconsideration of Yuba City application.

June 14, 1923. 153

Dr. Miller said our decision rested on Perrin's first report; that we asked him to reconsider, and that he now favored it, as did the national bank.

Miller said not to reconsider would put our Board in a ridiculous position and lay us open to a charge of discrimination against the Bank of Italy. 153

Gov. C. said he did not believe there was need of additional banking facilities in Yuba City.

Dr. Miller said Perrin's second report settled this.

C.S.H. pointed out that Gov. C. did not accept Perrin's second report, and clearly he was not bound to do so as matter of law, although C.S.H. differed from him in the matter of fact.

The matter was left for the new committee on examinations to consider. 154

Elliott again asks for a copy of Perrin's second report on Yuba City.

July 31, 1923. 159

The Board had voted to decline this request and, today no one would move to reconsider, so the refusal remained in force. 159

Board takes up applications:

(a) Pacific S.W. Savings and Trust Co. for branch at Newportville, 236 miles from Los Angeles, but south of Fresno, the dividing freight charge line. Reasonably tributary to Los Angeles.

(b) Bank of Italy.

Branch at Log Beach, 256 miles south of Los Angeles. This squarely involves sphere of influence. 159

Perrin reported favorably on both.

Gov. C. and Miller opposed both.

C.S.H. and Platt favored both, because of Perrin's report.

July 31, 1923. 159
Branch banks (Cont.)

C.S.H. moves to take up his resolution of April 10, 1923, to
afford that Board could not delimit zones but is bound by
finding of State Bank Commissioner. 160

Miller bitterly objected and moved reference to the committee,
which was finally voted. 160

Miller moved that, in view of the strong opposition to these
applications by two of the examination committees, the matter be
referred to that committee to report back to Board a statement
of reasons which the Board could give if it finally refused the
applications.

This was passed, C.S.H. voting No. 160

Examination committee reported against both of above applications
in the form of a resolution, which contained as a "whereas" a
statement that state banks with numerous branches could not
be satisfactorily examined either by the state or by the Federal
Reserve authorities; that the admission of state banks with
unlimited right to establish branches was inconsistent with the
spirit of Sec. 9, Federal Reserve Act, etc.

No report was made on C.S.H.'s resolution.

Platt offered a minority report.

Board voted to decline both applications.

Aye - Gov. C., Dawes, Cunningham, James, Miller
No - A.C.H. and Platt

Dr. Miller, although voting Aye, said he voted against the "whereas"
in the resolution.

Dr. Miller presented a draft of letter to Ferrin announcing the
decision. C.S.H. objected saying it did not give the real
grounds for rejection and moved that a copy of the resolution
be sent to Ferrin.

This motion of C.S.H. was carried.

August 2, 1923. 160, 161

This puts Board on record that right to establish unlimited branches
is inconsistent with the spirit of Section 9, Federal Reserve
Act - an absurdity.

Platt and C.S.H. agree to insist on a statement by Board that the
above vote on the resolution was a majority vote, and that if
Board refused to do this, they would come out in a public
statement to this effect. 161
Platt says Perrin protests against sending this resolution to the banks interested, as the letter of the Board directed him to do.

This (Cont.)

August 14, 1923. 162

Elliot tells C.S.H. the examination committee is to report a resolution on branch banks on Friday. Evidently Gov. C., had told him this.

Oct. 31, 1923. 177, 178

James confirms this to C.S.H. on inquiry.

C.S.H. sees Crissinger who says he is not satisfied with the resolution and it will not be ready by Friday, and says C.S.H. can leave for Mattapoissett Thursday night.

Oct. 31, 1923. 177, 178

The examination committee reports a resolution. After long discussion it was passed by Board.

Nov. 7, 1923. 178

James explains his vote on the new resolution.

Vote - Aye - Gov. C., Dawes, Cunningham, James. No - C.S.H., Platt, Miller.

Gov. C. said he did not agree with the resolution; that he believed it went beyond the power of the Board; that in view of the difficulty in examining state banks with numerous branches, and the danger of extinct national banks unless Congress changed the law, he should therefore (i.e. vote) for it.

Sec. Mellon was asked to attend and vote but sent word that he could not come, and asked the Board to go on without him.

C.S.H. regrets this believing he could persuade Sec. Mellon that the Board was transcending its lawful powers.

Committee recommended that the resolution be sent to the Secretary to incorporate a protest in the record.

178, 179
Branch banks (Cont.)

The chief debate centered on motion of C.S.H. to substitute Platt's minority report, which was lost on same vote as above.

This resolution confined branches to the location of parent bank and "contiguous territory."

The definition of "contiguous territory" was amended in January, 1924, as to San Francisco and Los Angeles by adding a large zone extending at least 100 miles, in some instances from these cities.

The resolution provided that it should not become effective until February 1, 1924, although C.S.H. pointed out that thereby a twilight zone was created, between Nov. 7, 1923, and Feb. 1, 1924, which was sure to prove embarrassing.

Board granted application of Pacific Southwest Trust and Savings Bank for Porterville.

To C.S.H.'s surprise, Dawes and James voted for this, although the Board, some time ago, had rejected it.

Janes explained his vote by saying that the resolution did not take effect until Feb. 1, 1924, and until then, each application should be decided on its merits.

C.S.H. pointed out that he had warned the Board that putting the effective date of the resolution ahead to Feb. 1, 1924, would cause trouble.

C.S.H. said, of course, he would vote to approve this application, as he thought it was a clear case of public advantage.

Committee recommends increase of Wyatt's salary to $10,000, without consulting with the Law Committee.

C.S.H. fears this is in the nature of a reward for Wyatt for helping this majority frame the resolution of Nov. 7, 1923, and for his opinions, stranges and grotesque, as to the power of the Board to impose conditions while fact that C.S.H. does not agree with Wyatt's opinions is of no consequence.
Branch banks (Cont.)

C.F.H. feels Wyatt went to the limit and beyond the limit in egging on the majority to overthrow the policy of the Board in force since 1917.

Miller: C.F.H. believes that one of his opinions, to the effect that the power to establish unlimited branches is inconsistent with Section 9, Federal Reserve Act, and with the whole Act, on which, as he said, was founded on independent unit banks, is simply ridiculous, as C.F.H. proved in his testimony before the Joint Committee of Congress.

Board takes up applications of Bank of Italy for branches at Watson City, Long Beach, and Santa Maria, which some time ago were rejected.

Dec. 17, 1923. 190

James said the Bank of Italy had broken its agreement with the Federal Reserve Board not to buy over 20% of the stock in any new bank without the consent of the Board; that McAdoo had advised it that it could buy any amount through the stockholders auxiliary committee or the Bancitaly Corporation, as the latter had no connection with the Bank of Italy. 191

C.F.H. said, whatever their technical relation, they had not acted in good faith in the matter; that what troubled him was whether to use this as a reason for rejecting the applications, as in each case the state commissioner and the Federal Reserve Agent had certified as to public advantage. 191

Later it appeared that the purchases had been made expressly subject to the approval of the Federal Reserve Board, and C.F.H. said this put a different aspect on the matter, and he was inclined to feel, removed the charge of bad faith. 191

James said squarely he would vote for at least some of the applications were it not for the above cited bad faith. 191

On vote, applications failed by a tie: -

Vote: Aye - Gov. C., C.F.H., Platt
No - James, Cunningham, Dawes

Dr. Miller refused to vote.

Dr. Miller then moved to reconsider the vote although he had declined to vote.

Gov. C. ruled that he had this right.

C.F.H. objected but said he had no objection to reopening the matter to permit Miller to vote.
Dec. 17, 1923.
11, 192

Ltiller:loved to recon:tier. and approve Watson City, Long Beach, and Santa Maria.

On vote, Watson City and Long Beach were approved. The Santa Maria application was rejected, C.S.H., Platt and Miller voting aye, and Gov. C. and the others, No.

Dec. 18, 1923. 192

Braches, Federal Reserve
Little Rock

Board voted against approving letting of contracts for branch bank building. March 16, 1923. 63

Aye - C.S.H. and Platt
No - Gov. C., Miller and Campbell

C.S.H. believes Miller voted no because he originally opposed the branch bank in 1918.

C.S.H. said he was satisfied of the necessity for a branch bank there in 1918, and believed same necessity existed today; that the secret service department should show such necessity. 63, 64.

In sending out its disapproval, Board suspended all branch building construction because of high prices, following circular of Sec. Hoover.

March 19, 1923. 64

C.S.H. did not vote against this general suspension but stated to Board that he believed the Little Rock building should not be held up. 64

C.S.H. begged Board to interpose no objection to starting the Little Rock building, but to ask directors to consider carefully whether, in view of the high cost of construction, it would not be better to suspend.

C.S.H. could not move to reconsider and no one else would. 64

Campbell offered a resolution that building operations at branches should be suspended because of the disparity between prices of farm products and prices of other products. 65
Branches, Federal Reserve (Cont.)

Little Rock (Cont.)

Miller objected to this and finally withdrew his resolution and voted for the one drawn by Miller. 65

C.S.H. warned the Board that by disapproving the Little Rock building, it assumed responsibility for "all F.R. buildings erected in the past, for if the Board has power to disapprove now, which C.S.H. doubts, it surely has always had it. 65

James, returning from Little Rock, moved to approve construction of the Little Rock branch building, as an emergency exception to Board's policy, at a cost not to exceed $400,000. June 12, 1923. 151

Long discussion

C.S.H. and James pointed out that since the Board policy was announced, building operations in the U.S. had materially decreased and that this building should be now authorized. 152

Platt said he would approve this after 2 months.

Miller said prices would then be higher than now.

Platt moved to table. Carried.

Vote: Aye - Gov. C., Miller, Cunningham & Platt
No - C.S.H., Dawes and James.

Salt Lake City

Gov 4440 - then moved to authorize building at Salt Lake City. Lost Vote:

Aye - Gov. C., Miller, Platt, Cunningham & Dawes
No - C.S.H. and James.
June 12, 1923. 152

Dawes said he voted no because the Little Rock motion had been tabled. 153

Portland, Oregon

Board disapproved application of Federal Reserve Bank of San Francisco to buy property for the Portland branch.
Dec. 2, 1922. 11

Board wired Perrin that the question of consolidation of the North West branches must first be settled, and that the bank should report on this before the present lease expired, and that, if necessary, it should secure an extension of the present lease.
Dec. 2, 1922. 11
Branches, Federal Reserve (Cont.)
Portland, Oregon (Cont.)

Mitchell moved that it was the sense of the Board that the 3 northwest branches should be consolidated into one.

Gov. C. seconded this.

C.S.H. said we should wait for the report of the Federal Reserve Bank of San Francisco, which we had called for.

Gov. C. wanted immediate action without waiting for the report.

C.S.H. pointed out that the northwest was vitally interested in this question; that while these branches were not self-supporting at present, profit was not the test; that the test was service; that while he thought, if there must be consolidation, that Portland was the best location, yet Gov. Crissinger favored Seattle, and that the difference showed the necessity of avoiding snap judgment.

C.S.H. moved as a substitute for Mitchell's motion a resolution that the Board would not permit land to be bought at Portland until the question of possible consolidation was settled, upon which the Federal Reserve bank directors were to report at once.

This motion of C.S.H. was carried and a telegram sent accordingly.

C.S.H. stated, and it is so entered in the minutes, that in so voting he expressed no opinion on the merits, whether or not there should be consolidation and if so, when.

Dec. 2, 1922.

The Bank directors sent the Board a survey of the whole situation, but without expressing any preference.

See next diary.)

Brewer
Director of the Mint Office and Gov. Crissinger want Brewer, a National bank examiner appointed Federal Reserve Agent at Dallas.

Jan. 24, 1923.

Mitchell says all the Texas Republican politicians and Brewer; that Brewer is hardly fitted for the position.

C.S.H. remembers that Brewer came originally from Marion, Ohio, had long trouble and finally went to Texas, and that he came before the Federal Reserve Board on a matter of cattle loans and made a rather poor impression.
Bristol, Admiral

Admiral Niblack says Admiral Bristol is the senior diplomat in Greece and Turkey and holds the Turkish loader Salam in the hollow of his hand.

Nov. 10, 1922. 9

British Exchequer notes

Gov. Harding says Bolling wrote him a curt note saying that President Wilson refused to permit him to publish in his book his letter to Gov. Harding on the British Exchequer notes.

Sept. 30, 1923. 171

Brockhart, Sen.


March 6, 1923. 38

Mr. Chappelle tells H.S.H. that Cunningham was Senator Brockhart's right hand man.

May 6, 1923. 111

Building contracts, Federal Reserve branches

Board voted to issue a statement suspending further building construction at Little Rock and other Federal Reserve branches, because of the high cost of building materials, a majority of the Board believing that a slump was bound to come perhaps in the near future.

The Board was influenced to do this because of a statement of Mr. Hoover which they believed indicated that he felt prices of building and building materials were unduly inflated.

C.S.H. did not accept this conclusion but did not vote against it as a general policy, but because he wanted the Little Rock branch built.

C.S.H. begged Board to advise Little Rock branch that while it would interpose no objection to their proceeding to erect the building it asked them carefully to consider whether, in view of the high cost, it would not be well to suspend action for the present.

C.S.H. could not move to reconsider as he had voted against the main proposition, and no one else would move to do so the proposition failed.

Campbell said his reason for voting to suspend all building operations was the disparity in prices of farm products and other prices.

March 19, 1923.

Bullen

Considered for Gov. of Federal Reserve Bank of Boston.

Dec. 7, 1922. 19

Cuban Agency. 100, 114, 116, 136
At a dinner given by Senator Andrews Jones, the wife of a Senator present told E.P.N. that President Harding signed the order dismissing the employees late one night when intoxicated and was greatly shocked the next morning to learn what he had done.

President Harding has recently revoked the order and has restored the employees to their Civil Service status but he declines to put them back in their former positions.

It is said that one of them is to bring suit against the President and the lady said this suit would bring out the above facts.

Feb. 23, 1923. p. 53, 54

Burrage, A. C.
Entertains the class of 1883 at his house in Beverly. A very hot day. Champagne flowed freer than water. About 20 of the class were so intoxicated that they slept under the trees for hours. A disgraceful orgy.

June 19, 1923. 156

Cabinet
President Harding says will consult with Cabinet as to Cuban Agency. May 8, 1923. 110

Cable transfers, 131
See - Cuban Agency

Calder, Senator
President Harding tells Sen. Calder he will not sign Campbell's commission for Federal Reserve Board until McFarry is confirmed as Comptroller. Feb. 9, 1923. 48

Tells C. S. H. that Sen. Cousins talked against time to defeat McFarry's confirmation as Comptroller and that Sen. King said he would use up any time left for the same purpose, until adjournment. This forced the dropping of his name.

Also tells C. S. H. that Sen. Pepper changed his mind and voted finally in committee to confirm McFarry.

Mar. 4, 1923. 54, 55

See - McFarry

Pepper
California bank examinations
Inaugurate 15
See - Branches Examinations.
California Special Savings Accounts

Board voted that these accounts of state banks must carry same reserves as against demand deposits.

Board had already voted this last October (1922) but Platt reserved right to move to reconsider. 17

The Board voted to reconsider but then reaffirmed original vote.

C.S.H. and Mitchell voted against this, i.e., in favor of lower reserves. Dec. 6, 1922. 18

C.S.H. feels that this ruling gives equity to claim of state member banks that federal Reserve authorities should assist in examinations of state member banks.

Dec. 12, 1922. 22

At Governors Conference, the Governors voted against permitting a 3% reserve against these savings accounts.

In favor of 3%-

Calkins, Norris, McDougall, Young, Harding.

Gov. Seay agreed in the Conference to vote for 3%; but finally voted against it.

The question put to the Governors: - assuming that the Board has power to permit 3%, ought it to do it.

March 27, 1923. 76

Dr. Willis tells C.S.H.:

Savings accounts in Sec. 19 had reference only to national banks originally; that the national banks thought the required reserves, - 12%, 13% and 10% were too high; they told Congress they had large dormant accounts which were in essence savings accounts; that finally Congress gave them 5%, which later was lowered to 3%; that finally Congress provided for separate savings departments for national banks, with provision for segregated assets, prior lien, etc., which passed the House, but was struck out by the Senate; that he saw no reason why there should not be different regulations for state banks than for national banks; that in case of national banks, where checking is permitted, the same reserve should be required as for demand deposits, as all deposits, whether savings or not, went into a common fund to be loaned commercially; that in California state banks for however, all savings deposits are segregated and limited as to investment; that this was the essence of savings accounts; that he saw no reason why the Board could not permit state banks, if it thought 3% adequate, to maintain such a reserve, where the bank had the right.
California Special savings accounts (Cont.)

Dr. Willis tells C.S.H. (Cont.)

to require notice and presentation of the passport,
even tho' in practice it waived this right and permitted
the use of checks stamped so as to be subject to this
right.

April 20, 1923. 93, 94, 95

Gov. Crissinger brings up question of California special savings deposits.

He pointed out that the matter was settled on Oct. 10, 1922, by
notice of which was sent to Perrin, Federal Reserve Agent,
and again on Dec. 6, 1922, of which Perrin was notified.

The bank asked Board to hold up its decision and give them a
hearing.

At the meeting of the Governors briefs were filed and arguments
made.

C.S.H. moved to reconsider which failed by a tie vote
Aye - C.S.H. and Miller
No - Gov. C. and Platt

Dr. Miller said he approved the decision of Dec. 6, 1922,
and voted to reconsider merely to give Platt opportunity to
offer a motion as to the form of notice to send Perrin.

Gov. C. and C.S.H. explained to Miller that no reconsideration was
necessary for this purpose, but Miller would not change his
vote.

Platt moved that Perrin be informed that time deposits were not
classed as savings accounts under Sec. 19, Federal Reserve Act.

C.S.H. said this was in proper form.

Gov. C. favored merely saying Board declined to reverse its
decision of Dec. 6, 1922.

Platt's motion failed 3 to 1, C.S.H. voting against it on the
merits.

C.S.H. felt Gov. C's motion was simpler, and that the vote of
Dec. 6, 1922, might be construed as an exercise of judgment
and not as a ruling of law.

May 3, 1923. 104, 105

State Superintendent of Banks in California says above decision
will come great hardship on certain banks. June 1, 1923.
Calkins, Gov.

Tells Dr. Miller he was present at a directors' meeting of Federal Reserve Bank of Boston and there heard Gov. Morse's resignation read as part of the minutes. Board not told of this until much later.

Dec. 7, 1922. 18

Votes in Governors' Conference in favor of 36 reserve against California special savings deposits. Mar. 27, 1923. 79

Campbell, Mr.

Nominated as member of the Federal Reserve Board.

Jan. 13, 1923. 37

President Harding tells Sen. Calder he will not sign Campbell's nomination until McHenry has been confirmed as Comptroller of the Currency.

Feb. 9, 1923. 45

Some one placed Campbell's name over room in Federal Reserve Board before he was appointed. 46

Sen. Cooress tells C.S.H. he has a very poor opinion of Campbell; that he had been in active politics for 25 years; that President Harding was withholding his appointment as a means of getting McHenry confirmed as Comptroller.

Feb. 10, 1923. 46

Sen. Glass says Campbell is a better man than Crissinger.

Mar. 6, 1923. 56

Votes against approval of building contract of Federal Reserve Bank Oklahoma branch.

March 16, 1923. 83

Offers a resolution to effect that the reason actuating the Board in suspending building operations at Federal Reserve branches is the disparity between prices of farm products and other products!

Finally withdraw this.

C.S.H. fears Campbell may create trouble in the Board in the future.

March 19, 1923. 54, 56

Campbell drops dead while playing golf at Columbia Country Club.

March 29, 1923. 65

Campbell, Congressman

Willing to sell his house to President Wilson. Sept. 13, 1923. 108

Case, Deputy Governor, Federal Reserve Bank of New York. *Attends hearing of Federal Reserve Board on proposed Cuban Agency.*

April 30, 1923. 98

Case opposes agency in competition with member banks; great risk in buying bills because of exchange fluctuations; the Federal Reserve Bank of New York has always utilized Federal Reserve Bank of Atlanta in shipping Federal Reserve notes to Cuba; finally admits that the National City Bank of New York and the First National Bank of Boston want this agency as a distinct benefit to themselves as it would give them spot cash for cable transfers and acceptances; it was also pointed out to him that there could be no exchange fluctuations as all bills would be payable in dollars. 101, 102

Miller calls up Case and tells him Board will restrict acceptances to eligible prime bankers acceptances secured by shipping documents, and Case said that, without waiving his objections to the agency, he thought this limitation very satisfactory, but he wished to consult Warburg. May 1, 1923. 102, 103

Revised draft made putting in cable transfers as an implied power form right to buy and sell bankers acceptances; Miller read this to Case over the telephone, who said the form was satisfactory, but that if Mr. Macarrah so that the agency could buy secured bills not yet accepted, as otherwise it would give a preference to banks having branches in Cuba, which his bank did not have. May 6, 1923. 104

Miller asks postponement until the New York banks could be heard by the Board.

Board voted to give a hearing at which Case and the New York bankers should be heard. May 9, 1923. 104

May 10, 1923. 105

Hearing on Cuban Agency at which Case was present.

Case said Federal Reserve Bank of New York did not want a Cuban Agency.

Reads letter from Warburg denying power of Board to create such an Agency. May 7, 1923. 107

May 11, 1923. 108

Perhaps statement showing that on a certain date most of the acceptances held by Boston and New York on exports from Cuba were bankers acceptances. June 27, 1923. 108
Central bank


Chicago, Federal Reserve Bank of
See - Discount rates
Federal Reserve Bank of Chicago. 1922. 96

Chancellor of Exchequer
See - Baldwin

Chappelle
Of Kansas, unsuccessful applicant for Federal Reserve Board tells C.S.H. that at a meeting of the Iowa Farm Bureau Federation, Cunningham, just appointed on Federal Reserve Board, introduced and put through a resolution condemning the subsidy bill, president Harding's pet hobby.

Chicago, Federal Reserve Bank of
See - Discount rates
Federal Reserve Bank of Chicago. 1923. 96

Chappelle
Of Kansas, unsuccessful applicant for Federal Reserve Board tells C.S.H. that at a meeting of the Iowa Farm Bureau Federation, Cunningham, just appointed on Federal Reserve Board, introduced and put through a resolution condemning the subsidy bill, president Harding's pet hobby.

Chicago, Federal Reserve Bank of
See - Discount rates
Federal Reserve Bank of Chicago. 1923. 96
Cleir ing sys te n.

Gov. Crissinger says abandonnent of clearing system would be the salvation of the Federal Reserve System

April 4, 1923. 90

Dr. Willis expresses views on.

April 20, 1923. 93

S e e - Willis

Board votes to approve C.S.H. writing to Sen. Glass as to effect of Supreme Court decision on.

Miller and Gov. Crissinger asked C.S.H. to add in letter that they regarded it as a body blow to the Clearing system and C.S.H. said he would do so but would state that Platt and he did not agree with this.

June 13, 1923. 152

Gov. Crissinger was evidently delighted with the decision, saying it had broken up the whole clearing system, that the court had decided it was illegal, etc.

June 12, 1923. 153

S e n. Glass confers as to Supreme Court decision, with C.S.H. Gv. Crissinger and Platt came in.

Gov. Crissinger said court had decided that checks payable "in exchange" at option of drawee were not checks payable upon presentation under the Federal Reserve Act and that, therefore, Federal Reserve banks had no right to take them for collection; that Board should direct Federal Reserve banks not to take such checks but should advise the Federal Reserve banks that, apart from an adverse state statute, they could collect over the counter under the Atlanta decision, and that the Federal Reserve banks should be advised to accept exchange checks at par if offered.

June 18, 1923. 154, 155

Gov. Crissinger said if the Federal Reserve banks excluded all checks drawn in states like North Carolina, their banks would soon realise it was for their interest to remain on the par list.

Sen. Glass and all of us agreed that in circularising the Federal Reserve banks we should say we were bound to exclude such checks because of the Supreme Court decision.

We were all pleased that Gov. Crissinger took this view for up till now he has been absolutely opposed, apparently, to the par clearing system.

Sen. Glass said that to clinch him he would write him praising
Clearing system (Cont.)

his views and quoting what he had said.

June 16, 1923. 154, 155

Clemenceau

Tells Mrs. Wilson he intends to make a careful study of the life of Washington that he had never considered him a very great man, but he wanted to look into his life carefully.

Dec. 27, 1922. 31, 32

Cleveland, Ohio

C.S.H. goes to, to attend funeral of Frederic Goff, President of Central Trust Company and formerly of Capital Issue Committee.

C.S.H. examines Federal Reserve Bank building.

Mr. Shriver, of B. & Ohio H.R. takes C.S.H. back to Washington, March 16, 1923. 63

Cleveland, President

Mr. Bolling tells C.S.H. that President Wilson wrote some one he did not care to read Prof. McElroy's life of Cleveland, as from what he knew of McElroy he felt certain it would not be well done.

Dec. 4, 1923. 184

Colman, R.S.

C.S.H. visits, at Manchester by the Sea for class dinner.

June 19, 1923. 156

Collier

Republican politicians, having failed on Brewer, turned to Collier, Vice President of a Texas Bank, for Federal Reserve Agent at Dallas.

Mcllary, of course, paying his H.R. fare.

Collier

Mcllary was strongly for him.

Gov. Crissinger showed Mitchell a letter from President Harding stating that the Republican boss, Crissinger, had endorsed Collier and that his recommendation should be followed.

C.S.H. examined the letters before the Board favoring Collier; they came from all parts of Texas and were all addressed to the Comptroller of the Currency and not to the Federal Reserve Board.

There were some letters of protest stating that Crissinger had publicly stated that Collier would shortly be appointed as a 'Christmas gift.'
Collier (Cont.)

Mitchell tells Board that Collier's bank was over officered, and intimated that his bank wanted to get rid of Collier by dumping him on the Federal Reserve Board.

Collier's endorsements were evidently the result of a careful canvas, and C.S.H. suspects was engineered by Gov. Crissinger.

Some banks sent in endorsements of Collier, subject to previous endorsements of Talley.

C.S.H. fears another political fight like that of Comstock.

President Harding's letter to Gov. Crissinger as to Collier was not put in Board's files (as was done in Comstock case) and C.S.H. never knew of it until Mitchell told him.

Jan. 24, 1923. 41, 43, 45

Board voted that committee report as between Collier and Talley on Friday.

Feb. 21, 1923. 49

C.S.H. fears Gov. Crissinger will fight in the Board for Collier and that the Board has been plunged into politics.

Judge Ball, of Federal Advisory Council, at its meeting in Washington, said that Collier was a good fellow; that he wrote recommending Collier because he had been told that Talley, whom he first recommended, had no chance; that Talley was undoubtedly the best man and that his appointment would eliminate politics, which were behind Collier; that Talley had been told that Creager had said he could secure it if he would give the credit for it to the Republican boss, Creager, but that Talley had declined.

C.S.H. fears Gov. Crissinger will fight in the Board for Collier and that the Board has been plunged into politics.

Judge Ball said Talley was a Republican.

Feb. 21, 1923. 49, 50

Board takes up matter again.

Gov. Crissinger says both he and McNary (if confirmed) will vote for Collier.

Later he intimated he did not know what McNary would do.

Evidently he believed that McNary will support the administration and will vote for Collier as a purely political appointee.

We all felt Gov. C. would protest against any action before McNary was sworn in, but he did not.
Miller raised all sorts of objections to Talley with the evident purpose of currying favor with Gov. Crissinger. Later, Miller said that as between Collier and Talley, he would have to vote for Talley.

Feb. 23, 1923. 50, 51

Miller reported that Collier was an estimable gentleman, but in his banking career he was not conspicuous for ability; that after careful consideration he was satisfied that Collier was not fit for the job, but that Talley was first class, barring some temperamental peculiarities, which he thought Talley could overcome.

The discussion brought out again that Collier was purely a political nominee favored by boss Creager.

On final vote all, including Miller, voted for Talley, except Gov. C., who voted for Collier.

Gov. C. evidently remembered the Comstock fight, and voted but did not fight for Collier, although as Mitchell said, President Harding had ordered Gov. C. to secure Collier’s appointment at the request of Boss Creager. A second victory for the Board over politics.

Feb. 24, 1923. 51, 52, 53.

Mitchell says he will shortly resign from the Board. While he put it ostensibly on ground of his private business matters, he spoke freely of his disgust at the political interference of the administration in the Comstock and Collier matter.

Mar. 15, 1923. 61
Conferences.
Federal Reserve Board, Governors, and Federal Reserve Agents.
Credit control.

Definition of "borrower" Sec. 13, Federal Reserve Act.

Federal Reserve bank investment in Government securities and acceptances.

Federal Reserve banks, expenses and dividends.

Jay resolution. Credit inflation
Oct. 13, 1922. 1,2,3,4,5,6,7,8.

Federal Reserve Board and Governors
Hoover, Address
Balance of trade
Mar. 5, 1933. 56, 66

Direct credit control.
Con. Note. March 26, 1923. 67

Special savings deposits.
Central committee on open market purchases. 76

Expenses and dividends. 77

Gold holdings.
Separate reserves. 78, 79

Federal Advisory Council
Cuban Agency.
See - Cuban Agency
May 21, 1923. 121

See - Cuban Agency

Coolidge, President
President Wilson tells C.S.H. he regrets his telegram to Coolidge congratulating him upon his management of Boston Police Strike. Dec. 4, 1923. 184

Coolidge, Mrs. President.
Mrs. Harding off. Sept. 4, 1923. 186

Cost
See - Examinations

Cost of transfer of funds. 80
Cousens, Sen.

As one of Subcommittees tells McNary he can not be confirmed. 
Feb. 9, 1923. 45

Says he went to President Harding with Senators Pepper and Hitchcock and told him McNary could not be confirmed as Comptroller; that Harding said he would insist on a vote, but that there was no hurry about it; that evidently Harding was thinking of giving McNary a recess appointment.

Feb. 9, 1923. 45, 46

Talks against time to prevent confirmation of McNary. 
Mar. 3, 1923. 54, 55

Cox, Gov., Ohio

Mrs. Wilson tells C.S.H. that Gov. Cox was very courageous in fighting for the League of Nations; that he maintained this course since his interview with President Wilson during the 1920 campaign. She spoke very kindly of him.
Nov. 21 1923. 181

Cranes, Charles B.,

C.S.H. calls on, at Woods Hole with Mrs. Wilson. 
Aug. 28, 1923. 163

Creager

Republican boss of Texas tries to force Collier on F.R. Board.
Jan. 1923. 40, 49, 63

See - Collier
Talley
Mitchell

Crissinger, Governor

Predicts within a short time there will be one central bank in Washington with the present Federal Reserve banks as branches. Favors this. 
Nov. 29, 1922. 12

Brings two national bank examiners to tell Board proper method of examining banks with branches. Person present.
Crissinger, Governor.

They reported, person agreeing, that there should be at least one competent examiner and an average of two competent assistants at each branch.

Complains that California has only 8 examiners and that it could not examine, e.g., the Bank of Italy, without borrowing Federal Reserve examiners, to which he is bitterly opposed.

Said he would not admit any bank to the national system with as many branches as the Bank of Italy, were it to ask for a national bank charter.

Gov. C. admitted that any large bank could be examined properly but said the expense would be inordinate, i.e., size would prevent.

Wants Board to take same view of size that he does but C.S.H. says that is for the Board to determine.

Wants Board to refuse further permits for branches on ground that California does not adequately examine.

C.S.H. said it would be monstrous to permit Bank of Italy to keep its branches and refuse this to other state banks whose condition would warrant just as many branches.

C.S.H. said if it is impossible to examine a bank with, say, 65 branches, logic would require the Board to expel it from the Federal Reserve system.

Gov. C. said he did not insist on this, but wanted to prevent further branches, as California was dumping them on the community with the feeling that the Federal Reserve bank would examine them.

C.S.H. and Platt pointed out that the above examiners admitted it was no more difficult to examine one bank with 65 branches, than 65 unit banks.

Gov. C. said that lending Federal Reserve examiners to help the state examinations made the public believe it was a Federal Reserve examination.

C.S.H. said the Federal Reserve bank could make a public statement which would clear this up.

Dec. 5, 1922. 13, 14, 15

C.S.H. believes Gov. C. is against state bank branches really because national banks can not have branches, and that he is willing to declare war against state bank branches.
Crissinger, Gov. (Cont.)

Gov. C. thinks only in terms of the National Bank Act, while Board must consider state banks as well.

Dec. 5, 1922. 17

Moves that California special savings accounts must take 10% reserve.

Dec. 6, 1922. 18

Rumor that Gov. C. has been appointed a member of Federal Reserve Board. Denied. Dec. 7, 1922. 19

Mitchell says the influential bankers do not trust Crissinger and were appalled at the mention of his name. Dec. 16, 1922. 24

Mitchell intimates he will resign if Crissinger should be made Governor of the Board. Dec. 16, 1922. 24, 25

Votes against branch at Pasadena for Los Angeles Savings and Trust Co. C.S.H. voted also No, as Federal Reserve Agent Perrin in his report practically recommended against it. It was admitted by Board because it was in the Metropolitan area of Los Angeles.

Jan. 2, 1923. 34

Senator Reed of Penna. said he had grave doubts whether he would vote to confirm Crissinger if appointed to the Federal Reserve Board, at a recent bankers dinner at Pittsburg he became gloriously drunk and made a semi-maudlin speech.

Jan. 7, 1923. 37

Attends dinner given by C.S.H. to Mr. Baldwin, Chancellor of the Exchequer.

Jan. 15, 1923. 38

Shows Mitchell a letter from President Harding stating that Creager (the Republican boss of Texas) had endorsed Collier for Federal Reserve Agent at Dallas and that his recommendation should be followed.

Jan. 24, 1923. 41

All of the letters favoring Collier were addressed to Crissinger, merely an ex-officio member of the Board. 41

C.S.H. believes Crissinger is engineering Collier's boom. 42

Crissinger did not file the letter of President Harding with the Board (unlike his letter as to Comstock) and C.S.H. never heard of it until Mitchell mentioned it. 43

Gov. C., unlike Comstock, did not file the letter of President Harding with the Board.
Crissinger, Gov. (Cont.)

Crissinger speaks at dinner for members of Economy and Efficiency Committee and said Congress ought to amend the Federal Reserve Act so as to permit "exchange" charges. Said that as "prospective Governor of the Federal Reserve Board" he had received many letters favoring this.

C.S.H. hopes Crissinger has made no pledges as to this, but fears he may have.

Crissinger has often stated that the small banks should not rediscount with the Federal Reserve banks.

Has also stated that the Federal Reserve system should be converted into a central bank.

Crissinger said at this dinner that there should be one national system of banking.

C.S.H. agrees to this but not with Crissinger's method of obtaining it, - discrimination towards state banks.

Jan. 29, 1923. 43, 44

Crissinger tells C.S.H. it is rumored that he, C.S.H. is opposing McNary's confirmation.

C.S.H. denied this absolutely. Jan. 30, 1923. 44

C.S.H. told Crissinger no democratic Senator had consulted him as to McNary; that Sen. Reed of Pa. had told him of the charges against McNary; that Sen. Glass had also spoken of the charges, but that C.S.H. had expressed no opinion and had no knowledge on the matter, and could, therefore, form no opinion. 45

Votes to approve increase of discount rates at New York from 4 to 4½, but did not seem happy about it. Feb. 21, 1923. 48

Crissinger voted with Miller to table a similar increase at Boston, but it was approved. Feb. 21, 1923. 48

C.S.H. fears Crissinger will fight for Collier for Federal Reserve Agent at Dallas, in accordance with President Harding's letter.

Feb. 21, 1923. 50

Sec. Mellon tells Platt he favored this application but did not want to oppose Crissinger! Feb. 21, 1923. 50
Cris singer, Gov. (Cont.)

Crisinger tells Board he will vote for Collier.

Says McNary will also if confirmed. 50

Later he said he did not know how McNary would vote.

He evidently, however, felt sure that McNary, being a purely political nominee, would vote as President Harding wished. 50

C.S.H. feared Crissinger would protest against a vote on Collier until McNary is confirmed, but he has not.

Feb. 23, 1923. 51

Miller fought Talley vigorously to curry favor with Crissinger. 51

On final vote, Crissinger alone voted for Collier.

Crisinger, however, did not fight for Collier.

Feb. 24, 1923. 53

Attends lunch of C.S.H. to Executive Committee of Farmers Grange.

Feb. 28, 1923. 54

Sen. Glass says Campbell, the dirt farmer, is a far better man than Crissinger.

Glass says Crissinger is a shrewd politician as he had obtained the support of Sen. Heflin.

Glass says he has heard that Crissinger had said he did not approve of Gov. Harding's record, nor that of the Board, and that he fears Crissinger may have made pledges as to his future action. March 6, 1923. 59.

Votes against approving letting of contracts for Little Rock branch building. March 16, 1923. 63

Agrees with C.S.H. as to necessity for direct action by Federal Reserve banks in passing upon credits.

March 26, 1923. 69

Intimates that some one misplaced a comma in the Agricultural Credits Act and thereby prevented the agricultural credit banks from rediscounting at the Intermediate credit banks, a privilege given to all state banks and all state agricultural credit banks.

March 27, 1923. 75, 76

At a discussion of subject of Federal Reserve banks absorbing cost of wire transfers of money, C.S.H. said if this were done away with, the F.R. clearing system would collapse and Crissinger at once said, "That would be the salvation of the Federal Reserve System!!"
Crissinger, Gov. (Cont.)

C.S.H. fears the exchange grafters have got hold of Crissinger, and that trouble is brewing. April 4, 1923. 80

Votes against C.S.H. motion to approve negotiations of Bank of Italy for purchase of El Centro bank on condition that Board would not thereby be committed to its later being taken in as a branch.

April 10, 1923. 83

Crissinger sworn in as a member of the Federal Reserve Board, and designated as Governor.

May 1, 1923. 103

Brings up question of reserves against California special savings deposits.


Banks asked for hearing.

Votes against C.S.H. motion to reconsider.

May 3, 1923. 104, 105

C.S.H. tells Under Secretary Philipps he has asked Gov. Crissinger to speak to him as to Cuban Agency.

May 4, 1923. 106

Says President Harding told him he had received many telegrams as to Cuban Agency but knew nothing about the facts; that last night he told him he would consult with Hughes and the Cabinet and asked that no action be taken before he heard from him.

May 8, 1923. 110

Says President Harding has written him stating he had consulted the Cabinet as to the Cuban Agency both from the political and international aspect, and they were unanimous in favoring it, and he requested the Board to designate an agency but he had no suggestion as to which bank to designate but he hoped the Board could arrange it so as to cause as little friction as possible.

Gov. C. added that President Harding said the entire cabinet, including Sec. Mellon, favored Boston strongly.

May 9, 1923. 111, 112

Advises C.S.H. to ask Gov. Harding to come to Washington, as C.S.H. fears he thinks we will designate both Boston and Atlanta.
Crissinger, Gov. (Cont.)

 Tells officials of Boston and Atlanta that the President feels that the designation of a Cuban Agency is most important internationally and that Board has tentatively reached the conclusion that Boston should be designated.

May 15, 1923. 116, 117

See Cuban Agency

Calls on C.S.H. for opinion as to Cuban Agency 118

MacAdoo complains of Crissinger's attitude on state bank branches; C.S.H. points out to him that Crissinger then represented the national banks as Comptroller but now as an appointive member and Governor he represents both national and state banks, and he hopes and believes he will fairly represent both.

May 18, 1923. 120, 121

Federal Advisory Council was much stirred up because Gov. C. told it the Board had settled the Cuban Agency before this meeting.

May 21, 1923. 122

Gov. C. says Atlanta bank had put out propaganda in favor of its claim for the Cuban Agency and that it was most reprehensible.

May 21, 1923. 123

Favors C.S.H. suggestion that Board designate both Boston and Atlanta in Cuba, Boston to do the operating and Atlanta to issue all Federal reserve notes.

May 25, 1923. 130

Gov. Crissinger, Gov. 1110168, and C.S.H. appointed a committee to draw a resolution designating both Boston and Atlanta for Cuban Agency.

May 29, 1923. 140
Crissinger, Gov. (Cont.)

Above committee reports draft of a resolution. Voted unanimously that this should stand as a basis of conference between Boston and Atlanta.

June 1, 1923. 143

Votes against motion of Platt to reconsider action in refusing application of Bank of Italy to establish a branch at Sacramento.

June 1, 1923. 143

Gov. C. advises C.S.H. to go to Atlanta.

June 4, 1923. 145

Attends conference between Board and California Supt. of Banking.

June 4, 1923. 145

Elliott tells C.S.H. that Gov. C. told him an opinion was to be asked for from the Attorney General as to the proper construction of Section 9, Federal Reserve Act.

June 12, 1923. 149

Crissinger originally told the Board that he had received a telegram convincing him that the Bank of Italy intended to crush the National Bank at Yuba City, having been unable to buy it. June 12, 1923. 150

Asks C.S.H. to state in his proposed telegram to Sen. Glass that he agrees with Dr. Miller that the Supreme Court decision is a body blow at the Federal Reserve clearing system.

June 12, 1923. 153

Also votes to lay on table C.S.H. motion to authorize the building of the Salt Lake City branch.

June 12, 1923. 153

Gov. C. is evidently delighted with the Supreme Court decision, claiming it had decided that the par clearing plan was illegal.

June 12, 1923. 153

Gov. C. told him decision merely was that Board is not bound to establish par clearings.

June 12, 1923. 153

C.S.H. fears trouble from Gov. C. in the near future as to the par clearing plan. 153

0ct. 21, 1923. 179, 179.
Gov. C. tells Miller that it was Gov. C. who told Elliott that the Attorney General was to be asked to construe Section 9 of the Federal Reserve Act.

June 12, 1923. 154

Gov. C., C.S.H., Platt and Sen. Glass confer over Supreme Court clearing decision.

Gov. C. said Supreme Court had ruled that checks payable in exchange at option of drawee were not "payable upon presentation".

Gov. C. said Federal Reserve banks had no right to take such checks, and should be directed not to take them for collection.

Said also that, except where there was an adverse state statute, the Federal Reserve banks could collect over the counter under the Atlanta decision.

Further said we should advise the Federal Reserve banks when presenting over the counter to accept exchange checks (meaning, of course, satisfactory exchange checks) at par if offered.

Gov. C. said if we excluded all checks drawn in states having statutes like that in North Carolina, the state banks would soon see it was for their advantage to remain on the par list.

Sen. Glass and 411 of us agreed with this.

We were all pleased at Gov. Crissinger's attitude (so different from what it had been in the past).

Sen. Glass said he would write Gov. Crissinger, to clinch him, quoting what he had just said, and pressing his stand.

June 16, 1923. 154, 155

Gov. C. opposes application of Fed. S.W. to establish a branch at Porterville and of Bank of Italy for Long Beach, and votes against them.

July 31, 1923. 159, 160, 161

*President Harding dies. Aug. 2, 1923. 162

Gov. C. tells C.S.H. that Mrs. Coolidge went to the R.R. station to see Mrs. Harding off.

Gov. C. tells Elliott that the examination committee is to report on branch banks on Friday.

Gov. C. had not known of this until Elliott told him.

Oct. 31, 1923. 177, 178.
Later Gov. C. on being asked said the resolution could not come up Friday as he was not yet satisfied with it. 178

Gov. Crissinger votes for the branch bank resolution reported by the committee.

Gov. C. said he did not agree with the resolution as he thought it transcended the powers of the Board, but he feared the national banking system was doomed to ultimate extinction unless Congress changed the law, and therefore (1) he should vote for it.

Nov. 9, 1923. 178

Gov. C. votes against C.S.H. resolution favoring general principle of a pension plan, carefully guarded, for limited classes of employees.

Gov. C. votes against C.S.H. resolution favoring general principle of a pension plan. (see scrap)

Dec. 15, 1923. 189

Sustains C.S.H. point of order that the pension matter is before Board and some action must be taken by it. 190

Gov. Strong says Sec. Mellon who favors the plan, must have talked to Gov. C. to induce him to change his mind. 190

Rules that Dr. Miller may move to reconsider the Bank of Italy's request for branches at Watson City, Long Beach, and Santa Maria, although he had declined to vote on the original motion. Dec. 17, 1923. 191

Gov. C. joined C.S.H. and Platt in voting to approve these applications, but they were defeated. 191

The applications for Long Beach and Watson City were approved.

Dec. 16, 1923. 192

The application for Santa Maria was rejected, Gov. Crissinger voting No. Dec. 16, 1923. 192

Gov. C. votes against increasing Federal Reserve Agent Curtiss' salary from 18,000 to $20,000. Dec. 19, 1923. 192

Crowder, General

Enthusiastically in favor of Cuban Agency. Nov. 9, 1923. 60
Crowder, General (Cont.)

Asked Gov. H. to come to Washington today and confer with a Cuban about it. April 13, 1923.

Deems it vitally important. April 30, 1923.

Cuban central bank arranged for by Gen. Crowder and Gov. Harding has fallen through.

April 30, 1923.

Wants Cuban Agency.

April 30, 1923.


White, of State Department, reads to Board letters and cables from Gen. Crowder strongly favoring Cuban agency.

May 4, 1923.

Gov. Harding reads to C.S.H. and later sends a letter from Gen. Crowder dated Mar. 26, 1923, stating that Dr. Torriente, President of Cuba and Mr. Peres, Secretary of the Cuban banking legislative committee, had announced to him their agreement with the suggestion that the Federal Reserve Bank of Boston should at once establish an agency at Havana; Gen. Crowder suggested that the Federal Reserve Bank of Boston establish such an agency with the consent of the Federal Reserve Board. May 26, 1923.

Cuban Agency

Gov. Harding told C.S.H. that:

The Cuban Govt. is to ask U.S. to request the Federal Reserve Bank of Boston to establish an agency in Havana.

Object is:

To buy and sell bills, cable transfers.

To furnish U.S. money (legal tender in Cuba).

The Cuban silver dollar is also legal tender (same weight and fineness as U.S. silver dollar).

He had gone over this with Dr. Miller, who approved it.

March 9, 1923.

C.S.H. said it seemed a good thing, without committing himself, especially if Cuban Govt. should ask State Department to ask the Federal Reserve Bank of Boston to do it. March 9, 1923.
C.S.H. said he should express no opinion as to whether Boston, some other Federal Reserve bank, or all the banks jointly should establish it. 60

Gov. H. said Wing of First National, Boston, enthusiastically favored it and said he would establish a branch of his bank in Havana, if this were done. 60

Said that Gen. Crowder also favored it and had asked him to come to Washington today to meet a Cuban and confer as to it. 60

Only difficulty is as to Federal Reserve notes of other Federal Reserve banks. If taken in by the Boston Cuban Agency apparently they must be sent for redemption to the Federal Reserve Bank which originally issued them. 60

He thought they would not have to be sent to U.S. for redemption as they are legal tender in Cuba.

Said the Boston bank officials are in doubt as to this and gave it up.

Asks that we examine into the law. 60

Said he had talked it over with Sec. Mellon who at first thought the Federal Reserve Bank of New York might object.

He told Mellon that it was better not to give New York everything.

Mellon said there was much ill feeling towards the administration in New England, and that he would favor designating Boston. 60, 61.

Gov. H. said the Cuban Govt. was to enact a law providing that the Manager of the proposed central bank should be chosen by those members of the Federal Reserve Board who had served continuously for 5 years, - Gov. H., Miller, and C.S.H. 61

C.S.H. doubted such a provision and said jokingly that the Act should say, "and who graduated at Harvard, lived at Mattapoisett, etc." 61

Platt refers to application of Boston to establish a Cuban Agency. Sec. Mellon said he did not object but feared New York would.


C.S.H. sends this to Platt suggesting a legal opinion from our Counsel. April 7, 1923. 83
Cuban Agency (Cont.)

Board holds hearing on Cuban Agency.

Present:
Governor Harding, Norris, Wellborn,
Federal Reserve Agent McDonald

Governor Harding said:

Gen. Crowder feels it vitally important to have Agency established. U.S. money in Cuba consisted largely of national bank notes and probably 40 to 50 millions of Federal Reserve notes, which would amount to between 2 and 3 hundred millions a year; that the Boston directors were unanimous and enthusiastic in favoring such an Agency, that Federal Reserve Agent Bullen and Washburn and Curtiss had studied the situation in Havana; that the Federal Reserve district of Atlanta had the largest population, and that the Federal Reserve Bank of Atlanta had the largest population.
Governor Harding said (Cont.)

excepting only Chicago; that Atlanta needed all its resources for its own development.

April 30, 1923. 99, 100.

Gov. Norris said he favored an agency in Cuba, but the Philadelphia Bank did not desire it for itself. 100, 101

Gov. Wellborn opposed a Boston Agency and said:

There are probably 40 millions of Atlanta Federal Reserve notes circulating in Cuba; if Boston is given the agency these notes would gradually be displaced by notes of Federal Reserve Bank of Boston; the Atlanta Bank would thus lose the gold against which these notes were originally placed in circulation in Cuba; that the Atlanta district had an enormous business with Cuba, far exceeding that of Boston; that his directors had applied for an Agency in Cuba in 1921, which had been refused by the Federal Reserve Board. 101

Gov. Harding replied that the bulk of the export traffic was from other parts of the U.S. through the Atlanta district and not from it; that the large number of ship entries came from the fact that there was, in effect, a ferry service between Havana and the U.S.; that tobacco was the principal import.

Gov. Harding said also that he would agree to put out only Federal Reserve notes of Atlanta or of banks other than Boston. 101

Gov. Case opposed creation of an Agency in competition with our member banks; he spoke of risk of exchange fluctuations in dealing with bills; said that the New York Federal Reserve bank had always utilized the Atlanta bank in shipping Federal Reserve notes to Cuba; he admitted that the National City Bank of New York and the First National of Boston wanted a Federal Reserve Agency as a distinct benefit to themselves, as it would give them spot cash for cable transfers and acceptances. It was also pointed out to Gov. Case that all bills must be payable in dollars thus eliminating exchange fluctuations.

The Board then took up the matter.

Platt said the Treasury, Gen. Crowder, and the State Department wanted an Agency designated.

C.S.H. made a rough draft of permission based on Gov. Harding's statements and read it to Board, which gave power to deal in cable transfers and eligible bills of exchange.

Dr. Miller said all transactions should be limited to eligible prime bankers acceptances, secured by shipping documents.
Board finally agreed to Dr. Miller's suggestion and asked him to read it to Case over telephone.

April 30, 1923, 101, 102.

Miller read draft to Case.

Case said that, without waiving his general objections to an Agency, he thought this limitation very satisfactory, but wished to consult Warburg.

Platt called up Warburg who said he thought the limitations were all right, but he said he did not want to give any general expression of opinion because of his relations with the First National Bank of Boston.

All of the Board agreed that all Federal Reserve notes held in Cuba must be issued and not unissued notes.

May 1, 1923, 103

C.S.H. presented a revised draft drawn by Counsel which put in Cable transfers as a power implied from right to buy and sell bankers acceptances.

Miller read this to Case in New York.

Case said the form was satisfactory.

Case also said some bankers, e.g., Mr. McGarrah, wanted draft changed so that the Agency could buy bills drawn on banks, e.g., in New York, but not yet accepted, as otherwise it would give a preference to banks having branches in Cuba, which his Bank did not have.

Case finally asked that matter be held up until the New York bankers could have a hearing before the Board.

Warburg called up Platt and said he had been under the impression that the Board had in mind an Agency of a member bank, and not of a Federal Reserve Bank; that he seriously doubted the advisability or legality of a Federal Reserve Agency.

The Board then voted to have a hearing next Monday at which Gov. Case, the New York bankers, Mr. Warburg, and Gov. Harding would be present.

May 2, 1923, 103, 104

Under Sec. Phillips showed Platt a copy of Gen. Crowder's cable favoring Cuban Agency and said State Department had no objections.
Cuban Agency (Cont.)

C. S. H. tells Phillips the U.S. is supplying Cuba with practically all of her circulating medium; that the Agency in question had an international phase because of the Platt amendment; that the State Department should do more than merely say it had no objections to the designation of an Agency; that it should tell the Board affirmatively whether it wished such a designation to be made; that C.S.H. had asked Crissinger to speak with Phillips about it.

Phillips then told C.S.H. that the State Department wished to back up General Crowder absolutely, and that if Gov. Crissinger would talk with him, he, as representing the State Department, would say that it favored such a designation.

C.S.H. tells this to Gov. Crissinger who said he would see Phillips.

May 4, 1923. 106

Board gave a hearing on Cuban Agency petition of Boston, on request of Gov. Case, in order that New York Bankers might be heard.

Present:

Gov. Case, Mitchell (National City Company), Gatewood (Mechanics & Metals), a representative of the International Foreign Banking Corporation, Ex-Senator Hoke Smith (for Fulton National Bank, Atlanta), Adelson (for Federal Reserve Bank, Atlanta), Gov. Harding, Federal Reserve Agent Curtiss, Wing, Alken and Bancroft (for Boston Clearing House Association), Ottley (Director Federal Reserve Bank of Atlanta) and others.

Gov. Harding presented the case of Boston and filed a brief prepared by Counsel, Mr. Weed.

Gov. Case opposed any Agency.

Gov. Case reads a letter from Warburg.

Warburg wrote: "stated that the Agency would enable National City Bank to transact business in Cuba."

Section 14 (e) was taken from the Aldrich Act.

Warburg wrote this clause.

He meant by Agency something other than Federal Reserve Bank Agency.

The Federal Reserve Act, by "Agency" did not mean a Federal Reserve Bank Agency.
Cuban Agency (Cont.)

(The report of the Federal Reserve Board dated Oct. 13, 1915—F.R. Bulletin 348—shows conclusively that the committee—(of which Warburg was a member)—meant Federal Reserve Agency.

The committee reported that the Federal Reserve Bank Agency would include:

"In trade centers where American banks are not established it might be proper for Federal Reserve banks to appoint joint correspondents or agents in order to facilitate the development of American acceptances in such places."

That the committee was speaking of Federal Reserve Agencies is clear when it is remembered that the above statement was a concession to Sec. MAdoo who had publicly favored first Federal Reserve bank agencies in South American countries in many of which there were American banks or branches.

Mitchell (of National City Company)

Favored keeping Cuba supplied with our currency.

Opposed giving power to Agency to buy or sell cable transfers or acceptances for reason that it would mean competition of a Federal Reserve bank with member banks.

It was pointed out to him that the Agency would be restricted to dealings with banks, that the banks would take the initiative, and that there could be no competition of the kind he described.

Mitchell could not answer this but vaguely hinted if the Agency was limited to transactions with member banks, or at least, with American banks, he might favor it.

Later, after listening to the testimony of Mr. Dismall (the Cuban Manager of the National City Bank) he practically withdrew his objection.

He finally admitted that the Agency would enable National City branches in Cuba to reduce their reserves from 25% now carried, to 10%.

He added that he might even be willing to contribute to the expense of such an Agency in view of such reduction in reserves. May 7, 1923. 107, 108.

Gov. Harding said that to confine the business of the Agency to member banks or American banks, would arouse bitter resentment on the part of the Canadian banks in Cuba and the Cuban banks. 109
Cuban Agency (Cont.)

Gibbs and Hoke Smith said they doubted the power of the Federal Reserve Board to create such an agency, but that, if it had the power, it should designate Atlanta. 109

Wing, Aiken, and Bancroft, for Boston Clearing House Committee, denied that the Federal Reserve Bank Agency would compete with the American, foreign, or Cuban banks. 109

Mr. White, representing the State Department, came before Board; read letters and cables from Gen. Crowder, stating absolute necessity of creating such an Agency.

Gen. Crowder in these letters and cables said the Cuban banks had combined to raise rates and were charging from 10 to 12% for first class commercial paper.

White said that from an international point of view such agency was most desirable. 109

A Tampa cigar manufacturer then said that the banks in Cuba were in a combination and charged 3% plus 1/8% commission for collections. 109, 110

Federal Reserve Agent Curtiss calls up C.S.H. on telephone and said that he was on the train with Mitchell, returning from the hearing, and that Mitchell told him that he considered an Agency absolutely necessary, but he did not care whether the designation were given to Boston or to Atlanta; that he had favored Atlanta as to Federal Reserve issues because Atlanta had agreed to provide him with notes in Cuba absolutely free of charge if it were designated.

Curtiss said 1/8% should be charged. May 8, 1923. 110

Gov. C. says President Harding told him he had received many telegrams as to the designation, but that he knew nothing about the facts; that he would take it up with Hughes and the Cabinet, and asked that we take no action until we heard from him. Said he had also talked with Mellon.

Platt thereupon withdrew his motion to designate Boston. May 8, 1923. 110

President Harding writes Gov. C. a letter stating that the Cabinet were unanimous in favoring an Agency, from the international point of view. President Harding asked the Board to designate an Agency but made no suggestion as to which Bank should be designated, but he hoped the Board could arrange it so as to cause as little friction as possible.
Cuban Agency (Cont.)

Gov. C. having read this letter, added that President Harding told him the Cabinet all favored Boston, and that Sec. Mellon told him he was strongly in favor of Boston.

C.S.H. then moved, in view of this communication from the President, and after due consideration of the Banking considerations involved, the Board proceed to designate an agency of one of the Federal Reserve banks in Havana.

C.S.H. said Warburg's letter did not sustain his point that Sec. 14(e) of Federal Reserve Act was limited to Agencies other than those of Federal Reserve banks, and pointed out that years ago the committee of the Federal Reserve Board, of which Warburg was chairman, reported that under certain circumstances, summarized in the report, the Board had the power to establish Federal Reserve Agencies in foreign countries.

C.S.H. 's resolution was passed unanimously.

May 9, 1923. 111, 112

Platt then moved that Boston be designated.

On discussion it appeared that every member favored Boston.

It was finally decided not to take a formal vote, but to call the officers of Boston and Atlanta to a hearing next Tuesday, in order to work out the details, so as to keep the Federal Reserve note circulation of Atlanta in Cuba unchanged.

May 9, 1923. 112, 113

Board accordingly wired Boston and Atlanta.

Federal Reserve Agent Curtis called up C.S.H. on telephone to find out what this hearing meant.

C.S.H. said he could not discuss it until Tuesday.

Curtis then said to C.S.H. that Boston had not asked for a joint Agency.

C.S.H. said he understood this fully.

May 9, 1923. 113

C.S.H. tells Gov. C. he fears that Gov. Harding may think that we are to create a joint agency and that, as a result, he may get his directors to withdraw Boston's application entirely.

May 9, 1923. 113

Gov. C. advised C.S.H. to call up Gov. Harding and tell him to "keep his shirt on" and come down Tuesday. 113, 114.
Cuban Agency (Cont.)

Mitchell, thereupon, on his own responsibility, called up Curtiss and said that without committing the Board, he felt that matters were going along all right and to tell Gov. Harding to bring Bullen with him Tuesday to work out all necessary details with Atlanta. 114

James and Cunningham take oath of office as members of Federal Reserve Board. May 14, 1923. 116


Gov. C. opened by stating that the President and State Department felt a Cuban Agency was most desirable from an international point of view; that the Board after careful consideration had reached the tentative conclusion that Boston and not Atlanta should be designated; that such designation should not be allowed to interfere with the circulation of Atlanta Federal Reserve notes in Cuba.

Gov. C. then asked the two banks to confer together and work this out. 117

Gov. Harding said Atlanta had only 40 millions of Federal Reserve notes in circulation in Cuba; that probably 100 millions would be required as the Federal Reserve notes would probably displace other American money now there; that Dallas should be allotted to put out say 25 millions, and the balance to be put out by Atlanta. 117

Gov. C. asked the Board members to express themselves.

Dr. Miller said if it was only a matter of currency he should vote to designate Atlanta; that if only purchase and sale of bills were involved, Boston clearly should be designated; that he considered the banking functions as the essential ones and that Boston clearly should be designated, preserving, however, Atlanta's status as to Federal Reserve notes. 117, 118

C.S.H. said, coming from Boston, he had scrupulously refrained from taking any part in the discussion so that his associates could form an independent judgment upon the evidence before them; that the conclusion that Boston should be designated was a unanimous conclusion; that he could now say that he
concurred in this conclusion; that Atlanta was the nearest district to Cuba, but that 75% of the Cuban exports to the U.S. and 60% of the Cuban exports went to and came from Phila., New York and Boston; that bills normally were financed where the gods went; that the only American banks in Cuba were the National City of New York and the First National of Boston, just authorized; that, in his opinion, the principal question was assistance to the trade between Cuba and the U.S.; that the matter of Federal Reserve notes was only incidental.

C.S.H. also said that if this were a contest between Philadelphia, New York, and Boston, each demanding to be designated, he would be very much puzzled as both Philadelphia and New York had a much larger business with Cuba than did Boston; that Philadelphia and New York had stated unequivocally that they did not want to be designated; that he felt, therefore, that Boston should be designated.

Some days ago Rue wired Board that the Council desired to be heard on question of a Cuban Agency.

Rue, the Chairman, was very much stirred up and said the Board should not have acted without first getting an opinion from the Council.

Extended discussion followed; brought out by fact that Gov. Crissinger told the Committee that the Board had voted and settled the matter prior to this meeting of the Council.

Dr. Miller contended that the Council had no right to call upon the Board for a report.

C.S.H. said that the Council, in his opinion, clearly had such a right, but that he was sure Mr. Rue would not claim that the Council was an appellate body, or that the Board was bound to secure its assent prior to rendering any decision.

Mr. Rue said he did not claim this, thus backing down from the position he originally took.

C.S.H. said it had never occurred to the Board to consult the Council as such, in this matter, but that if such a request had been made by it he would have been only too glad to have consulted with them.
C. S. H. then brought out that both Rue and Warburg had been invited to attend at one of the hearings and that Gov. Case had read to the Board a letter of Mr. Warburg, arguing the whole matter; that the Board, he felt, had a right to assume that, two members of the Council having been invited to attend, and one of them having argued the question by letter, and neither of them having made any request for consultation with the Council, no consultation with the Council was necessary.

This disposed of the matter, so far as the prior consent of the Council was concerned.

A general discussion of the advisability and legality of a Cuban Agency then followed.

Little up to this point had been said as to whether Boston or Atlanta should be designated.

Suddenly Mr. Lane of Florida said that if Atlanta were not designated, there would be a violent attack on the Board by representatives and Senators, as soon as Congress came in.

Dr. Miller said Lane's statement was blackmail.

Lane said he had done nothing in the way of propaganda.

Gov. Crissinger said propaganda had been used in the interest of the Atlanta bank and that it was most reprehensible.

Warburg read a report of the Council:

Strongly objected to any Federal Reserve Agency in Cuba.

Council believes that Agency in Sec. 14 means designation of some local bank and not a Federal Reserve Agency.

Danger of Revolutions in Cuba.

Federal Reserve Agency should never be established in a foreign country.

Board replied to Warburg that because of Platt amendment Cuba was not really a foreign country, and pointed out that Cuba has made our money legal tender.

Warburg said our draft as to power to buy and sell bills was so stringent, and rightly so, that the proposed Agency could do little business, and could not earn its expenses, as
sugar, the principal export, moved only during 4 or 5 months of the
year. 123, 124

As to the choice between Boston and Atlanta, the report said little
or nothing, but there was no possible doubt but that, as between
Boston and Atlanta, the individual members favored Atlanta.

Walking over to lunch with Lane, C.S.H. asked him to tell him just what
Atlanta's position was.

Lane said Atlanta wanted the Agency both for Federal Reserve note and for
banking purposes, in short, she wanted everything and objected to
Boston having anything.

C.S.H. asked him if he thought this was a fair position to take.

C.S.H. then asked him, speaking for himself personally, and without any
authority from the Board, whether, if the Board were to designate
both banks, they to operate together under the working agreement
made on the assumption that Boston alone should be designated, it
would not be a fair proposition which Atlanta should accept.

Lane said he thought such a decision would be fair and that he would
gladly urge the Atlanta directors to accept it if the Board were
to adopt it.

Lane asked C.S.H. to talk this over with the Board, as it would be a
most happy solution. 124

James said we ought to consider the matter of designating an Agency very
carefully in view of the opposition of the Federal Advisory Council,
and that Mellon and Cunningham should be present at the meeting.

Gov. Crissinger said we had already voted and settled the matter and that
it could not be reopened except upon a motion to reconsider.

No such motion was made. 125

Warburg at the Council meeting suggested a plan:-

Board to deposit Federal Reserve notes with Cuban banks, taking out
credits against which Cuban exchange could be sold; that such notes
would be cash in the Cuban bank vaults; that all Federal Reserve
banks should be allowed to do this. 126

(This would, of course, break up Atlanta's monopoly.)
Cuban Agency (Cont.)

McCord said:

Sure this would be accepted with enthusiasm by the Atlanta bank directors, and by the whole south.

Will consult with them and write C.S.H. Monday.

Said Boston should be allowed to do the banking business under its own designation.

Said also that one of his directors told him he should object to Atlanta buying bills in Cuba, even if authorized to do so.

C.S.H. vaguely suggests to Gov. Harding, in Washington, the designation of both banks, as he did to Lane.

May 23, 1923.

Gov. H. flew off the handle and said Boston would never consent and would prefer to withdraw its application.

C.S.H. asks him to think it over confidentially.

C.S.H. then asked him to write him, after consulting Wing, as to just what Boston Agency could do in Cuba along banking lines, in the way of buying and selling bills, cable transfers, etc.

Gov. H. again flew off the handle and said we should take his word for it and that he had already explained this to the Board.

C.S.H. said this was true but that the Board might want to have his views in writing in order to answer Warburg; that Dr. Miller wanted more information as to the scope of the agency.

Gov. H. was very bitter towards Miller, but C.S.H. insisted he should give the Board this information in writing, and finally he half-heartedly said he would furnish it.

Gov. H. said he had seen Senator Lodge who said he would back him up to the finish and would see President Harding tomorrow.

May 23, 1923.

Dawes tells C.S.H. he wants to congratulate him on his remarks before the Federal Advisory Council; said he never before had heard such a tactful, able address.

Lane calls up C.S.H. from New York and C.S.H. tells him of his talk with McCord and asks him to see McCord in Atlanta and not to stop in Washington on his way down.

May 24, 1923.
Cuban Agency (Cont.)

McCord told C.S.H. at his last meeting that the Atlanta papers were all praising C.S.H. and said that although he came from Boston they would agree in advance that he might be authorized to settle the controversy between Atlanta and Boston. 129

C. S. H. consults Gov. C., Dawes and Platt, as to possibility of designating both Atlanta and Boston under an operating agreement to be worked out.

Platt opposed, but Gov. C. and Dawes favored it and suggested that C.S.H. talk it over with Gov. Harding and Wing, as he was going to Boston to attend funeral of T. P. Seal.

May 25, 1923. 130

C.S.H. talks over designation of both banks at Federal Reserve Bank, Boston, with Gov. Harding, Curtiss and Wing.

They were irrevocably opposed to having both banks designated.

They said, however, that if ordered by the Board, they would doubtless comply, but that personally they would rather have the whole plan fall through than have both banks designated.

C.S.H. pointed out that whatever which Boston could do alone, she could still do if both banks were designated, under an operating agreement under which Atlanta could have a representative to hold and pay out Federal Reserve notes, as directed by Boston, and to sell to Boston all bills, cable transfers, etc., bought by Boston and paid for by Federal Reserve notes of Atlanta.

They said it could not be done in this way, but, as a fact, this was the plan they had suggested, except that one of their own employees would act as agent of the Atlanta Bank.

May 26, 1923. 131

Gov. Harding read to C.S.H. and then mailed to him at Washington a letter from Gen. Crowder.

This letter was dated March 26, 1923, and stated that the President of Cuba (Dr. Torriente) and the Secretary of the Cuban Banking legislative committee (Mr. Perez) announced to him their agreement with the suggestion that the Federal Reserve Bank of Boston should at once establish an agency in Havana, suggesting the establishment of such an agency with the consent of the Federal Reserve Board.

May 26, 1923. 131

Gov. Harding also read to C.S.H. and mailed to him a copy of a letter, dated May 25, 1923, which he had sent to General Crowder. 131.
Cuban Agency (Cont.)

This letter stated, that the Boston Bank had applied for an Agency; that New York opposed any Agency, but took the position that if any Agency was established it should be Atlanta; that the Board informally agreed that Boston should be designated; that a plan of operation had been arranged with Atlanta (under her protest); that the Board, instead of voting formally to designate Boston, laid the matter before the Federal Advisory Council; that at the meeting of the Council Warburg opposed any agency but favored Atlanta, if any should be designated, etc. etc.

May 26, 1923. 131, 132

Gov. Harding also mailed C.S.H. a memorandum:

1. Federal Reserve Bank of New York opposes any agency, but favors Atlanta if any Agency is established.

2. Atlanta insists on being designated if any Agency is established.

3. (a) National City Bank of New York opposes an agency because it now is the agent of the Federal Reserve Bank of New York, having been so designated some time ago to quell a banking disturbance in Cuba, on the distinct understanding that it not do any business under the agency; that, however, it had advertised extensively and sent out calendars on which this fact was printed; that thereby it created the impression in Cuba that it had facilities in Cuba not enjoyed by other American banks doing business there. 132

(b) That after its designation, the National City Bank asked the Federal Reserve Bank of New York to deposit with it a large amount of Federal Reserve notes so it could exchange them for unfit currency, - which the Federal Reserve Board declined to do.

(c) That the National City Bank made the same proposition to Atlanta, which agreed to do it, but the Federal Reserve Board disapproved this on representations from Gen. Crowder that such arrangement would be a discrimination against other banks doing business in Cuba.

(d) Atlanta then filed with the Federal Reserve Board a statement that if an Agency for exchanging new notes for old were ever established in Cuba, it would claim the privilege.

4. Mitchell, of National City Bank (or securities company) does not want his Agency disturbed. He told the Board, however, that such an Agency would be of advantage to American banks in Cuba, but if one is to be established he preferred Atlanta.

He took this position because Atlanta had agreed that, if
Cuban Agency (Cont.)

designated, it would furnish the branch of the National City Bank at Havana with currency free of all expense to it.

Mitchell hopes ultimately to be an active agent in Havana of the Federal Reserve Bank of New York, after this agitation has died down, so it can do all the Federal Reserve Bank of Boston wants to do — buying and selling acceptances, bills, cable transfers, etc., out of funds to be furnished by the Federal Reserve Bank of New York.

This would be very advantageous to the National City Bank, but a discrimination against Canadian banks, Cuban banks, other American banks doing business in Cuba, and the Federal Reserve Bank of Boston.

5. Asks Federal Reserve Board to cancel at once the nominal agency of the National City for the Federal Reserve Bank of New York.

At the conference in Boston on May 25, 1923, went over the above very carefully and told Gov. H., Curtiss, and Wing, that, although the controversy might have arisen largely as a matter of pride of opinion, Atlanta might have some for an equitable claim for the use of its name as an Agency, although all of the banking operations were to be done by Boston.

Gov. Harding said that to designate Atlanta as well as Boston would be to yield to political attack.

C.S.H. said he did not fear any attack, political or otherwise, because of any vote of his; that the Board would certainly be attacked, if Boston alone were designated, for alleged discrimination against Atlanta; that the question in his mind was whether it might not be the duty of the Board to designate both banks; that, in his opinion, if only one were to be established, it should unquestionably be Boston, because, in his opinion, the purpose of such an Agency was primarily to help American Banks in Cuba, to cause their number to increase, as he firmly believed would happen, and to stabilize banking conditions in Cuba, as well as to preserve the status of Federal Reserve notes of Atlanta in Cuba, and ensure a supply of clean currency; that 3/4ths of Cuba's foreign trade was with the U.S. and that 3/4ths of Cuba's exports import went to or came from Phila., New York, and Boston; that bills follow merchandise just as trade follows the flag.

C.S.H. said the question, to him, was, could not all this be accomplished equally well, or perhaps better, by designating both banks.

May 26, 1923.
C.S.H. also said that if a charge of discrimination were made, it would appear, as expressly pointed out in Gov. Harding's memorandum, that the Federal Reserve Bank of New York and Warburg, both favored Atlanta if any designation was to be made, and that it might be difficult to disprove discrimination if the charge was backed up by such authorities. 136

Gov. Harding and Wing both said they did not care a rap about any charge of discrimination in favor of Boston; that if there was to be a fight, Atlanta would find that Boston could fight. 136

C.S.H. pointed out that the charge of discrimination would be made against the Board and not against Boston, and that it was the duty of the Board to decide the question so as to do absolute justice to each of the Federal Reserve banks. 136

Wing said that if the administration turned down Boston it would suffer politically. 136

C.S.H. replied that that had nothing to do with the Board which would decide the matter absolutely without regard to any political considerations. 136

Wing said he agreed with Warburg that Federal Reserve banks should not establish Agencies in foreign countries. 137

C.S.H. then asked him squarely, "Do you or do you not favor a Federal Reserve Agency in Cuba?"

Wing replied, "Yes, because the status of Cuba is different from that of a purely foreign country."

Wing also said the National City Bank agency should be at once discontinued, that his branch in Cuba would be open in a month, and that it would be gross discrimination against his branch.

May 25, 1923. 136, 137

McCord wires C.S.H. that Lane will wire C.S.H. from Jacksonville Monday and that the matter is working satisfactorily.

Lane wires C.S.H.:
"Satisfied can be arranged. Would you advise special meeting or would regular meeting in Atlanta about June 10 be satisfactory. Answer quick." 137

C.S.H. wires Lane to hold matter in abeyance until he wired him as he had not yet mentioned it to the full Board.

May 28, 1923. 137


Gov. C. agreed with C.S.H. that it is most desirable to designate both banks, if we can lawfully do so.
Cuban Agency (Cont.)

Gov. C. says Miller is weakening on question of having any agency.

C.S.H. has conference with Platt and Wyatt.

Platt is more inclined to designating both banks.

Wyatt says best way is to designate both with power to buy bills, etc., but to arrange by regulation that Atlanta shall appoint an agent to hold its Federal Reserve notes, perhaps in joint custody; that Boston is to manage the agency, buy all bills, etc., that the Atlanta agent is to pay over Federal Reserve notes to the Boston agency receiving the bills bought but immediately selling them to Boston which will pay Atlanta through the Gold Settlement Fund. 138

Wyatt says that if Boston alone held the Agency, while it might be possible to work the matter out, there would always be the danger of a legal attack; that to employ an appointee of Boston also as agency of Atlanta might be construed by a court to be analogous to one Federal Reserve bank appointing another Federal Reserve bank its agent to receive and pay out its Federal Reserve notes, which would violate provision of Act requiring a Federal Reserve Bank which receives notes of another bank to at once return them to bank through which issued for credit or redemption.

We asked Wyatt to prepare a letter to Gov. Harding for Gov. Crissinger's signature informally expressing these views. 139

Gov. Crissinger agreed with C.S.H. that, in view of Gov. Harding's talk with Sen. Lodge, it might be well for C.S.H. to see Lodge, and Platt, at C.S.H.'s request said he would go with him.

Board considered Cuban agency.

Went over all of Gov. Harding's letters and memoranda.

C.S.H. tells Board in great detail of his talks with Lane and McCard and of his conference at Boston.

Mr. James moved that a committee of 3 be appointed (later fixed as C.S.H., Gov. C. and James) to prepare a form of resolution designating both Boston and Atlanta, and to work out regulations in as great detail as possible along the general lines of the agreement previously entered into by Boston and Atlanta (on the assumption that Boston alone was to be designated), except that Atlanta was a representative to hold and pay out Federal Reserve notes against bills etc. bought by Boston.

This motion was passed unanimously, and it was agreed that when the Board acted upon the report of the committee, C.S.H. could
C.S.H. calls up McCord at Atlanta at 4:30 p.m.

C.S.H. tells McCord he has good grounds for believing that if two separate agencies under a joint operating agreement would be accepted by Atlanta as a just and equitable solution, he is ready to take the matter up with the Board; that he had spoken of it to the Board this afternoon and was now drawing up a resolution on the above lines, but would proceed only if satisfied that Atlanta would be absolutely satisfied.

McCord said he and, I think, also Gov. Wellborn thought it would be a happy solution of the whole question, but did not want to assume the responsibility of saying so until they could consult their directors.

C.S.H. said he feared the greatest difficulty would come from the Boston end, and that he would call him up again Thursday.

C.S.H. called up Sen. Lodge at 5:45 p.m.

Originally called up his office at the Senate and he asked me to call up his house, giving me his telephone number.

Lodge said Gov. Harding told him the whole matter of Cuban agency was settled.

C.S.H. explained the details to him.

C.S.H. said the Board was unanimous in voting to establish an agency, but that the Board had only informally reached the conclusion that Boston alone should be designated; that a hearing had been held based on this informal understanding, at which Boston and Atlanta were present, and an operating agreement had been entered into; that later much opposition had developed, at a hearing, to the designation of Boston; that at the Federal Advisory Council meeting, the Council vigorously objected to having any Federal Reserve agency established; that while its final report did not specifically favor Atlanta, there was little doubt but that, as between Boston and Atlanta, the members preferred Atlanta, if any agency was to be created, as did specifically Warburg, the Federal Reserve Bank of New York, and the National City Bank of New York; that Gov. Harding in his memorandum so stated.

C.S.H. said he felt it would be a fair solution to designate both banks under an operating agreement; that he thought that Atlanta would be absolutely satisfied with such an arrangement, but that
Gov. Harding absolutely refused to agree, and said that if Atlanta wanted a fight she would find Boston could fight, and that Sen. Lodge would fight and had promised to fight for Boston to a finish.

C.S.H. pointed out to Lodge that the fight would not be against Boston, but that it would be against the Board which would be charged with discrimination against Atlanta, and that if Boston alone were designated Lodge would have to defend the Board, with the certainty that the Federal Reserve Bank of New York, Warburg, and in all probability the entire Federal Advisory Council would claim that there was a discrimination against Atlanta.

Lodge at once said this would be an impossible situation.

C.S.H. pointed out that his proposed solution, designating both banks, would give to Boston about 99% of what she wanted, merely giving to Atlanta the nominal right to have an agency under its own name, although the banking operations would all be done by Boston.

Lodge said he thought, without, of course, being familiar with all of the facts, that this would be a wise solution.

C.S.H. told Lodge he had this talk with him so that he would know generally about the matter if he were consulted about it in Boston where he goes tomorrow.

May 28, 1923. 141, 142, 143

Gov. Crissinger, James, and C.S.H. reported to the Board a draft of resolution designating both Boston and Atlanta.

Voted, unanimously, that this draft be tentatively be accepted as the basis for a conference between the committee and the Boston and Atlanta Banks.

June 1, 1923. 143

C.S.H. telephones McCord at Atlanta and asks him to come to Washington to talk over the Cuban situation.

June 1, 1923. 144

McCord earnestly requests C.S.H. to attend meeting of Atlanta board of directors on June 6, and C.S.H., after consulting with Gov. C. said he would attend.

June 4, 1923. 145

C.S.H. has talk with Hoke Smith as to plan to designate both banks, he said it was most satisfactory and that Atlanta ought to accept it gladly. June 5, 1923. 147
Cuban Agency (Cont.)

C.F.H. leaves for Atlanta at 9:35 p.m. June 6, 1923. 147

Arrives at Atlanta 4 p.m. Thursday, June 7.

Wellborn and McCord at station.

Atlanta bankers tendered a dinner in the evening.

Mr. Ottley, a director of the Federal Reserve Bank of Atlanta, sat beside C.S.H. Ottley is one of most bitter opponents to designation of Boston. 147

Attended presentation of oil paintings of McCord and Wellborn to the Federal Reserve bank by employees.

Attended directors meeting at about noon.

After long discussion it was finally agreed that my suggestion would be acceptable to the directors.

(See memorandum in scrap book)

Afterwards, Ottley said to C.S.H.:—

"Before you came down, I stated publicly that I would be damned if I would agree to any compromise, but your reasoning was too strong and convincing, your address at the dinner was so charming, and we directors all have such affection for you, that you twisted us around your finger and we rather liked to be so twisted!"

Mr. Howell lunched with C.S.H. June 8, 1923. 147

C.S.H. goes to Boston June 8.

Has interview with Gov. Harding and Bullen.

Told them he came on to attend class dinner and dropped in to see them on route.

Careful not to mention Cuban Agency.

Acted as if assumed that they persisted in their refusal to accept designation of both banks.

Finally got up to go, when Gov. Harding spoke of Cuban Agency.

C.S.H. said he assumed all negotiations were off.
Cuban Agency (Cont.)

Gov. H. then began to talk and after quite a long discussion he finally said he would agree to the designation of both banks after going over the draft agreed upon by C.S.H. and Atlanta directors.

Said he had a few changes he wanted to suggest.

June 16, 1923. 106

C.S.H. then left for Manchester to attend dinner etc. of class of 1883.

Gov. Harding agrees to a draft drawn by Wyatt; at his suggestion power given to buy bills not drawn on banks.

June 20, 1923. 156

Gov. Harding gives C.S.H. a draft containing his suggestions.

June 27, 1923. 157

Board votes to approve draft on Cuban Agency.

June 30, 1923. 157

McCord came in later and read Wyatt's draft, initialed by Gov. Harding at 5 p.m. yesterday, and, in presence of C.S.H. and James approved it.

The Board eliminated one or two "whereases" of no importance.

It was read to Board by C.S.H.

Every member voted Aye except Miller, who voted No.

Miller said that in the absence of a preliminary operating agreement it would surely cause a row between Boston and Atlanta.

C.S.H. replied that you can't make an operating agreement until you have something to operate.

Miller then vigorously objected to broadening the powers granted so as to permit the purchase of bills drawn on other than banks.

Miller said such bills were trade bills and that we would not permit Federal Reserve banks to discount or purchase such bills even in the U.S.

C.S.H. pointed out that most questions as to trade acceptances involved the question, in the past, of preferential rates; further, that the Board long ago had ruled that a Federal Reserve bank could discount a bill of exchange before its acceptance, if secured.
Cuban Agency (Cont.)

Miller then read a statement prepared by Gov. Case, showing that on a certain date most of the acceptances held by Boston and New York involving Cuban trade were bankers acceptances.

Dewes then asked Miller to state just what his negative vote meant, and whether he was opposed to an agency in Cuba.

Miller talked at great length very cryptically, but finally said he favored such an agency on general principles, but was opposed to this particular draft, etc., etc.

Miller evidently voted No, feeling sure the Ayes would carry, and C.S.H. believes, in order to appear conservative and to please Warburg.

June 27, 1923. 157

The officers of Federal Reserve banks of Boston and Atlanta came before the Board and all disputes as to Cuban agency were satisfactorily adjusted.

July 30, 1923. 159

Cuban Government

Invites Federal Reserve Bank of Boston, through Gen. Cromder, to open an agency in Havana. Invitation extended by the President of Cuba, etc.

April 30, 1923. 99

Cunningham

C.S.H. tells Sec. Mellon that the White House has just announced the appointment of Cunningham upon the Federal Reserve Board; Mellon seemed completely amazed; said it was the first he had heard of it; asked C.S.H. who he was, and said he knew nothing about him, although he had a vague idea he may have heard or read of his name as a candidate.

C.S.H. and Edward Hamlin met Sec. M. walking across the park to lunch.

May 5, 1923. 111

Chappell, of Kansas, an unsuccessful candidate for dirt farmer of the Federal Reserve Board, tells C.S.H. that Cunningham, at a meeting of the Iowa Farm Bureau Federation, introduced and put through a resolution condemning the Subsidy Bill - President Harding's pet hobby.

Said also Cunningham was Senator Brookhart's right hand man.

May 6, 1923. 111

C.S.H. is in Washington, talking to Bradley, though Bradley's secretary tells him that her boss will not be in town until Monday.
Cunningham (Cont.)
Took oath of office as a member of Federal Reserve Board.
May 14, 1923. 115

Votes to lay on table C.S.H. motion to interpose no objection to
construction of branch bank buildings at Little Rock
and Salt Lake.
June 12, 1923. 152

Voted against Yuba City application of Bank of Italy.
Aug. 2, 1923. 152

Votes for resolution of Nov. 7, 1923, as to branches of state
member banks.
Nov. 7, 1923. 176

Votes against C.S.H. resolution favoring a carefully guarded
pension plan for employees of Federal Reserve banks for
limited classes of employees.
Dec. 7, 1923. 188

Cuts Cunningham's pension bill to $20,000.
Dec. 7, 1923. 189

Votes against Dawes motion for reconsideration.
Dec. 7, 1923. 189

Votes against Dawes motion that Board, without indorsing the
general principle of a pension plan, will interpose no
objection to submission to Congress of any bill.
Dec. 7, 1923. 189

Cunningham said at the meeting, "By God, I won't vote for any
pension plan! I need one myself more than they do!"
Dec. 7, 1923. 189

Votes against C.S.H. resolution favoring, in principle, a
pension plan.
Dec. 13, 1923. 189

Votes against C.S.H. resolution that Board has no objection to
having Governors committee introduce their pension bill in
Congress.
Dec. 13, 1923. 189

Voted against application of Bank of Italy for branches at Watson,
Long Beach, and Santa Maria.
Dec. 17, 1923. 191

Voted against increasing salary of Federal Reserve Agent Curtis
from $18 to $30,000.
Dec. 19, 1923. 192

Tells C.S.H. he misunderstood the Board's vote as to Bradley;
thought it only abolished his secretarial duties; will
Cunningham (Com.), be glad to move to reconsider tomorrow.

C.S.H. asked him to see James.

Cunningham, later told C.S.H. he had seen James who agreed to vote to give Bradley $1800 as a stenographer.

Dec. 20, 1923. 153, 194

At special meeting of Board, C.S.H. said he asked for it because of his talk with Cunningham yesterday in which he said James told him he would vote for $1800 for Bradley.

Cunningham then absolutely denied he had said this to C.S.H.

Votes against $1800 salary for Bradley.

Says willing to vote for $1500.

Curtiss, Federal Reserve Agent.

Tells C.S.H. that Gov. Morse is to resign.

C.S.H. tells Curtiss his action in not telling Board of this until after he heard it from Gov. Calkins, had seriously embarrassed him.

Dec. 7, 1922. 18

Curtiss says Gov. Morse pledged him to absolute secrecy but later spoke of it to Gov. Strong, etc. 19

Curtiss says Board is considering Bullen; that some of Board feel that appointment of Gov. would be considered a slap at President Harding.

C.S.H. advises Curtiss to tell his Board to consult with sec. Mellon.

C.S.H. tells Curtiss Board would welcome Gov. Harding's appointment.

Curtiss says Gov. Morse will anyway hold over until January and then would be glad to go abroad for 6 months without salary, leaving Bullen in charge.

Curtiss says he heard this morning that Crissinger had been appointed on Federal Reserve Board.

Dec. 7, 1922. 18, 19

Charles Washburn says Curtiss fears that appointment of Gov. Harding might be construed as a slap against the administration.

Dec. 18, 1922. 26
Curtiss, Federal Reserve Agent (Cont.)

Curtiss tells Gov. Harding he wants to talk with him in New York.
Dec. 28, 1923. 25

Board votes against increasing salary of Curtiss from $18,000 to $20,000.
Only C.S.H. and Platt voted Aye.
Dec. 19, 1923.

C.S.H. believes Miller voted No, for reason that he lately told Platt he should vote against any further increases in salaries of Federal Reserve agents unless they would agree in advance to carry out any recommendations of the Economy and Efficiency committee as to cutting down or abolishing their monthly reports. 198

Dahlia farm.

C.S.H. drives with H.P.H. to Reddings Dahlia Farm at Long Pond, Plymouth. Badding said the newspaper clipping that he bad named a dahlia for Mrs. Wilson was in error; that a Waltham grower had long ago done this; that he, however, raised both the Woodrow Wilson and Mrs. Woodrow Wilson dahlias and would send me some bulbs in the spring of 1924.
Oct. 20, 1923. 176

Dallas, Federal Reserve Agent

See - Brewer

Dawes, Comptroller of Currency

Takes oath of office.
May 1, 1923. 103
Dawes, Comptroller of Currency (Cont.)

Votes against C.S.H. motion to permit Bank of Italy to take over an insolvent bank, it not to create a precedent.
May 22, 1923. 126

Says he is convinced by C.S.H. reasoning that this case of an insolvent bank would be a poor case upon which to rest the theory of spheres of influence (this bank being outside of what he believed to be a proper zone for the Bank of Italy), and moved to reconsider, and Board finally voted to approve application.
May 22, 1923. 126, 127.

Tells C.S.H. his remarks at meeting of Federal Advisory Council on Cuban Agency were most tactful, able, and convincing.
May - 1923. 129

Favors C.S.H. suggestion for designating both Boston and Atlanta for Cuban Agency.
May 28, 1923. 130

Votes against reconsidering vote of Board refusing permission to Bank of Italy to establish a branch at Sacramento.
June 1, 1923. 143

Votes against reconsideration of Board's refusal to grant application of Bank of Italy for a branch at Yuba City. 151

Votes to lay on table C.S.H. motion to oppose no objection to construction of branches at Little Rock and Salt Lake.
June 12, 1923. 152

Asks Miller just what his negative vote on Cuban Agency meant; whether it meant that he was opposed to it?
June 27, 1923. 158

Votes against application of Pacific S.W. for Porterville and Bank of Italy for Long Beach, etc.
July 31, 1923. 160, 161

Votes for Resolution on branch bank policy.
Nov. 7, 1923. 178

Votes for consent to Pacific S.W. for branch at Porterville.

C.S.H. at first failed to see how Dawes could vote thus, being opposed to all branches

Dawes put in on ground that the Nov. 7 resolution did not take effect until Feb. 1, 1924, and C.S.H. thinks he is not consistent.
Nov. 23, 1923. 180
Dawes, Comptroller of Currency (Cont.)

Votes against C.S.H. resolution as to Pension plan for P.R. employees.
Dec. 7, 1923. 188

Then moves reconsideration. 188

Then moves Board, without indorsing general principle of a pension plan, will not object to Governors having their bill introduced. 188

Votes against C.S.H. resolution favoring general principles of a carefully guarded, limited Pension plan.
Dec. 13, 1923. 189

Votes against C.S.H. motion that Board does not object to Governors putting in their proposed bill in Congress. 189

(Proposed this himself yesterday)

Bitterly objected to reference of Pension matter to salaries committees, although both he and James were on it, on the ground that he would be bound by the principle of the Resolution just passed by Board.
Dec. 13, 1923. 190

Votes against Watson City, Long Beach, and Santa Maria applications.
Dec. 17, 1923. 191

Delano, F. A.

H.P.H. and Anna stay at house of, while Mr. and Mrs. Delano are away.
Nov. 16, 1922. 11

C.S.H. rides to Providence with Mr. and Mrs. Delano.
Sept. 24, 1923. 171

Refers to Delano's defense of Miller in putting his chauffeur on Federal Reserve rolls.
Dec. 21, 1923. 197

Dimock, Mrs.

C.S.H. and H.P.H. dine with.
Dec. 4, 1923. 11

Dinner

Dec. 5, 1923. 196

(Not complete list, See - Wilson)
Dinners given by C.S.H. and H.P.H.

Present:
Mrs. Houston, Mrs. West, Vice President and Mrs. Marshall, Mr. Chiltern, Gov. Harding and Under Secretary Gilchrist.

Dec. 16, 1922. 25

To Mr. Baldwin, Chancellor of the Exchequer, and Norman, Gov. of Bank of England.

Present:
Mr. Baldwin, Gov. Norman, Compt. and Mrs. Crissinger, Sen. and Mrs. Glass, Mrs. Fred Grant, Sen. and Mrs. Kendrick, Asst. Sec. and Mrs. Elliot Madworth, Mr. & Mrs. Waring, Charles Warren and Anna Hamlin.

Jan. 15, 1923. 38

To Belgian Ambassador and Baroness Cartier.

Mar. 2, 1923. 54

Direct control of credits.


Long discussion between Federal Reserve Agent Perrin and Gov. strong as to relative merits of rate control and direct control. Oct. 13, 1922. 1, 2

See - Perrin

Strong, Gov.

Director of the Mint.

See - Echols

Directors, Federal Reserve Bank of Dallas

Unanimously inors for Talley for Federal Reserve Agent.

Feb. 24, 1923. 52

See - Collier

Talley

Mitchell

Discount rates


Oct. 13, 1922. 1, 2.

Discussion as to how discount rates should be determined.

Perrin: The rate does not control unless higher than commercial rates.

Impossible to have rates higher than commercial rates, at least in states permitting rates as high as 12%.

Direct control of credits is necessary.
Discount rates (Cont.)

Federal Reserve banks should know the credit policy of its member banks before they apply for rediscounts.

Should know this even if a member bank is not rediscounting at all.

Strong, Gov.:
Discount rates are effective even although below the rate to customers.

When Federal Reserve banks increase rates, member banks put up rates to their customers, and conversely.

Federal Reserve banks should consider merely the amount of rediscounts in proportion to the resources of the member bank.

If this proportion is reasonable the rediscount should be granted, no matter what the member bank has been doing, whether loaning on Wall Street, capital loans, real estate loans, speculative loans, etc.

Gov. Strong said as a fact, however, that he often made direct inquiries.

Gov. Strong said banks rediscount mainly to build up their reserves and that to refuse rediscounts would be disastrous to their depositors.

Federal Reserve Agent Wills supported Perrin and said that Federal Reserve Bank of Cleveland has maintained a 6% maximum rate (as against New York's 7%) by policy of direct control.

Perrin claimed that under policy of direct control, a reasonable discount rate could be maintained without charge, keeping control through direct action.

Gov. Mores strongly supports Perrin.

No vote was taken but C.S.H. thinks a majority favored both rate control and direct action.

The Federal Advisory Council recommends an immediate increase of discount rates from 4 to 4½% at New York, Boston, and San Francisco.

Feb. 20, 1933. 47

At meeting of the Board, Platt wanted us to advise New York that we concurred in the recommendation of the Federal Advisory Council.
Discount rates (Cont.)

C.S.H. objected as he wanted to obtain the judgment of the New York directors independently, unaffected by the judgment of our Board.

The Board felt that New York conditions as shown by Gov. Strong's letters, and Warburg's statements to the Council, warranted such increase, as the spread between Federal Reserve rates and customers rates was increasing, and there were some indications of speculation in commodities both in New York and Boston.

Feb. 20, 1923. 47, 48

New York and Boston voted unanimously yesterday to increase rates from 4 to 4½.

Feb. 21, 1923. 48

Platt calls special meeting of Board.

Platt says Sec. Mellon approves increase but can not come to meeting.

Board votes unanimously to approve increase.

Miller said it seemed warranted.

Gov. Crissinger voted for it but did not seem happy about it.

Platt said Sec. Mellon had persuaded Gov. C. to vote for it.

Miller, while not opposing the Boston increase, thought it should be postponed until Congress adjourned, as Congress would probably attack us for it!

Miller then moved to table it and Gov. C. voted with him, but the other members defeated the motion.

Feb. 21, 1923. 48, 49

Conference with Governors.

C.S.H. said Board must have courage to hold speculative activity in check, by means of raising discount rates; that he favored the recent increase at New York and Boston as a means of ''feeling the mouth of the market;' that he was averse, especially when reserves were high, to putting up rates against a merchant needing credit for a necessary commodity, merely because his neighbor was speculating in some other commodity; that direct action was needed, in the first instance at least, to keep speculative activity under control; that Cleveland, by direct action, was able to maintain a 6½ rate during the war, that when direct action got out of hand, the Board must have courage to meet the situation through
Discount rates (Cont.)

the discount rate, no matter how high our reserves might be:
that whether we should announce this policy, as the economists
seemed to wish, was a question for consideration, but that we
should, in any event, act on this policy.

Gov. Crissinger agreed with C.S.H. as to the necessity for direct
action.

Gov. Harding told C.S.H. that direct action could accomplish much,
in spite of Gov. Strong's contrary opinion, that he had used it
recently on the International Trust Company of Boston, which
the next day reduced its rediscounts by $500,000.
March 26, 1923. 68, 69.

Board met to consider application of Chicago to increase all discount
rates to 6%.

April 7, 1923. 81

Sec. Mellon was present at the meeting.

After long discussion, Board felt that the matter could wait awhile;
that the bank might better liquidate its holdings of U.S. bonds,
notes and securities first.

Miller offered a resolution suggesting that all Federal Reserve banks,
before increasing rates, should first liquidate their holdings
of U.S. securities and allow their acceptances bought in the
open market to run off and put up their buying rates for
acceptances.

C.S.H. objected as to the acceptance part of the resolution.

C.S.H. said the total earning assets of Chicago had increased 31
millions since Jan. 4, 1923; that if the bank should liquidate
all of its holdings of Govt. securities, it would draw in from
the market, - U.S. bonds and notes, - $77 millions, U.S. certificates
35.7 millions, - a total of 43.3 millions, which would make the
total earning assets 145.1 millions, or 5.5 millions less than the
150.6 held on Jan. 4; that such a withdrawal from the market would
be ample without the necessity of interfering with open market
operations in acceptances.

The Board, however, passed the resolution, and laid Chicago's application
on the table, pending its reply to the resolution.

April 7, 1923. 81, 82

The Board felt it was not sure that production had yet reached its
peak in Chicago, and further, that there was no evidence of
speculative activity. 82
Discount rates (Cont.)

The Federal Reserve Bank of Boston recommended an increase in the rate on 9 months agricultural paper to 5%, on the principle that the larger maturity justified a higher rate.

The Board did not feel it ought to override the wishes of the directors and, therefore, approved this increase, as the total discounts of all agricultural paper were small at Boston, although 4 other Federal Reserve banks had put in the same rate, - 4% - for all maturities.

April 7, 1923. 82

The Board asked Warburg, who was in town, to discuss the resolution sent to Chicago.

April 12, 1923. 85

Warburg said he did not favor ordering Chicago to sell its Govt. holdings of securities, or to withdraw from the open market for acceptances.

Warburg said, - as did Platt some days ago, that a Federal Reserve bank had a right to keep invested in the open market an amount equal to its capital and surplus; that this was not inflation as the capital and surplus had been originally withdrawn from the market and its investment merely restored to the market this amount.

Warburg protested against withdrawing from the acceptance market, especially as a rule for all Federal Reserve banks.

Warburg said C.S.H. was right in his claim that there was a fundamental difference between putting money into circulation by:

(a) Buying Govt. securities, and
(b) Buying acceptances; that money put into circulation under (b) went primarily to aid general business transactions; that under (a) no one could tell to what use it could be put, e.g. it might be loaned on Wall Street.

Miller said many speculative transactions had been floated by means of acceptances.

C.S.H. said this did not affect the general principle that money paid out in purchase of acceptances went primarily to finance commercial transactions.

C.S.H. pointed out that 90 day notes secured by Govt. securities could be and doubtless often were used for speculative purchases; yet our Board had ruled that Federal Reserve banks could assume that such paper was issued to carry or trade in U.S. bonds.
Discount rates (Cont.)

C.S.H. said it seemed to him that his associates were trying to find an excuse for not increasing discount rates, by withdrawing money from the market by the sale of earning assets, thus indirectly accomplishing the same result; that such a course would not avert the necessity for increasing discount rates, or, at least, only for a short time; that withdrawing money from the market by sales of earning assets, would tend to increase rates paid by customers; that this would widen the gap between Federal Reserve rates and customers' rates, thus ultimately forcing the Board to decrease the gap by increasing Federal Reserve discount rates, unless we were willing to stand by and lose all control over the situation; that if pulling out of the market would result in increasing the demand of member banks for rediscounts, we should have to increase our Federal Reserve discount rates if we felt that credit control was necessary.

C.S.H. said the Board, although in doubt as to whether rates should be increased, was by the resolution, deliberately creating a condition, which might not exist now, which might necessitate the increase of Federal Reserve discount rates in the near future.

Warburg said he was in accord with C.S.H. as to the above.

C.S.H. asked Miller why the Treasury was so desirous of having the Federal Reserve banks sell their holdings of Govt. securities.

Miller said the purchase of Govt. securities by Federal Reserve banks, thus pouring money into the market, disturbed the market and made it difficult for the Treasury to ascertain just what rates the certificates should bear to insure their absorption by the public;—that the last issue of Treasury certificates was now selling below par.

C.S.H. is convinced the Treasury is trying to tighten the money market in order to depress prices and thus bring the last issue of Treasury certificates up to par, and to put in higher rates in the coming issues.

April 12, 1923. 85, 86, 87

Professor Frank Taussig tells Board he does not favor any public announcement by the Board as to our policy in fixing discount rates, as favored by Sprague, et al.

Taussig said that the science of rate making was not exact; that any statement we might make would be criticized by economists; that he believed we should study production, speculation both as to commodities, and even on the stock market, supply of labor, etc., etc.
Taussig further said we had no exact knowledge as to production, at least as to many industries built up on the foundation of the basic industries; that all we could do was to watch carefully, and be ready to act at any time in the way of increasing discount rates.

Taussig said that while the time might be near at hand for an increase he was not prepared to say the time had yet arrived; that he could only advise "watchful waiting."

Taussig also said the gap between Federal Reserve rates and customers rates was too great and might have to be changed in the near future.

Taussig said that, whatever politicians might claim, the tariff, as regards recent increase of prices, was irrelevant except in the case of wool; that sugar, even, was not much above pre-war prices.

Taussig also said prices would not fall much below present levels for the next 5 years, largely owing to the labor monopoly under the immigration law.

Taussig said he saw no reason for Federal Reserve banks withdrawing from the market by selling their Govt. securities, as our system had originally withdrawn over 300 millions from the market, for capital and surplus of the Federal Reserve banks, and that the purchase of Govt. securities merely restored this to the market; that this was not inflation.

Taussig was very much concerned at Platt's intimation that the Treasury desired our system to get out of the open market because our operations interfered with sales of Treasury certificates.

Taussig said the Treasury should approach the market as it found it, and not attempt in any way to interfere with it; that the Federal Reserve system, so far as Treasury policy was concerned, should never artificially manipulate the market to help the Treasury.

C.C.H. told Taussig he agreed absolutely with him; that because of the peculiar conditions at the present time he was willing temporarily to permit Federal Reserve banks to lower the amount of their holdings of Govt. securities, but that, for the whole year, he believed it was the plain duty of the Federal Reserve banks to earn expenses and dividends, whatever the effect on the market or the Treasury might be.

Taussig said he agreed.

Taussig then said the only suggestion he could make was that some member should deliver an address and stress the point that the
Discount rates (Cont.)

Present high reserves were not an adequate indicator of credit conditions; that such statements in the Federal Reserve Bulletin were too impersonal.

Taussig finally said he did not agree with Sec. Hoover, that gold would be exported from the U.S. in any large amount in the near future.

April 19, 1923. 88, 89, 90, 91.

Discrimination.

Gov. Harding says he does not fear any claim of discrimination against Atlanta if Boston should be given the Cuban Agency.

May 26, 1923. 136

See - Yuba City

Dividends and Expenses, Federal Reserve banks.

Oct. 13, 1922. 4, 5, 6.

Gov. Morse tells C.S.H. the question of withdrawing from the open market does not involve question of impairing the earning power of the Federal Reserve banks as they could in any event earn their charges and dividends.

C.S.H. said the Federal Reserve banks were created as permanent, going institutions, and should never lose sight of the necessity of earning expenses and the 6% dividend; that while the Attorney General had given an opinion that Federal Reserve banks could lawfully pay dividends out of surplus, nevertheless a public announcement that any of the Federal Reserve banks had to encroach on its surplus to pay its dividends would be hailed all over the country as a blow at the Federal Reserve system, and would discredit it in the eyes of the world.

C.S.H. did not deny that some unforeseen crisis might warrant a payment of dividends out of surplus, but that as a general principle banks should make up out of open market purchase the amount needed for expenses and dividends, just as if no surplus existed.

C.S.H. said the same question came up in 1916 before the Federal Advisory Council; that it was then claimed that the necessity for making expenses and dividends would cause undue competition with the member banks, and that, as a consequence, the paid-in capital should be paid back to member banks to avoid such competition; that the Council once so voted, but later reversed itself; that Forgan pointed out that capital was essential to
Pedarel Reserve banks to strengthen their position; that the needed amount could easily be earned without undue competition; that no greater competition would be involved than would follow the establishment of one new large member bank, e.g. in New York; that failure to earn expenses and dividends would be a serious blow to the Federal Reserve System. (See Vol. 3, Diaries, p. 186) 5, 6, C.S.H. said the question had now assumed a new phase, not competition with member banks, but interference, caused by open market purchases of Govt. securities, with Treasury operations in such securities and interference generally with the volume of credit. 6

C.S.H. said that in so far as Federal Reserve bank operations could be circumscribed without impairing their ability to earn expenses and dividends, he favored such limitation in cooperation with the Treasury; that he felt that at the present time Federal Reserve bank holdings of Govt. securities could be reduced without unduly affecting their necessary earnings; that he was glad to avoid interference with the money market along inflationary lines (e.g. by continued purchases); but that it should never be lost sight of that the Federal Reserve banks, as a matter of self-preservation, must earn expenses and dividends. 7

Mitchell vigorously supported C.S.H.'s views.

Some of the Governors pointed out that at the last meeting of the Governors, (not yet placed before the Board), it was voted that the necessity for earnings should not be considered in making open market purchases, and they also called attention to a similar vote of the Federal Advisory Council.

C.S.H. pointed out that the resolution as originally reported by the Council to the Board, was to the effect that primary consideration should not be given to earnings; that Uhler Sec. Gilbert, who was present, suggested striking out "primary"; that Rue at once put this as a motion and it was carried at a time when the members were leaving and without any discussion. 7, 8

Gov. Strong said we should agree upon some policy, that the Federal Reserve banks had bought hundreds of millions of Govt. securities and acceptances, halter shelter, without any fixed policy. 8

Jay then presented a resolution to the effect that the Federal Reserve banks should care for all necessary credit extension, but should not permit credit inflation. Passed. 8

Gov. Strong put in a resolution that Federal Reserve banks should lower the amount of their open market purchases in proportion as their rediscounts increased. Voted.
Dividends and Expenses, Federal Reserve banks (Cont.)

Gov. Mores moved to add "and as gold imports increase." Defeated.

Board, at Governors Conference, considers proposed open market circular appointing a central committee of Governors to have general charge over open market purchases of acceptances and Govt. securities, laying down the principle that the effect on the money market should be primarily considered.

March 27, 1923. 76

Gov. Harding objected to the preamble which affirmed power in the Board to limit the amount of open market purchases.

Gov. Harding said the Governors all agreed as to the policy at the present time, but desired power in the Board to regulate the amount.

Gov. H. suggested striking out this part of the preamble.

Gov. H. said that Sections 13 and 14 of the Federal Reserve Act gave power to the Board as to bills and acceptances only, but no power as to the purchase and sale of Govt. securities.

Incidentally, much was said as to the Federal Reserve banks not having been organised as profit making banks, and some Governors said it would be good if some banks had to operate at a loss.

C.S.H. said the Federal Reserve banks could have met all expenses and dividends requirements in 1922 with 400 millions less of earning assets, and that this excess undoubtedly affected the money market; that he voted for the proposed circular, because he thought it was wise and would not impair the necessary earning powers of the Federal Reserve banks.

C.S.H. further said that the Board had general regulatory power over all open market operations, but that he was satisfied that the Board had no power, by regulation or otherwise, to force any Federal Reserve bank to do business at a loss.

Gov. Harding pointed out that the proposed circular should not affect the right of a Federal reserve bank to buy freely in the open market, acceptances originating in their own districts, as otherwise the whole matter would be centralised in New York, building it up at the cost of other districts.

The Board and Governors all agreed that such an exception was proper.

No final action was taken. 78
Dividends and Expenses, Federal Reserve banks (Cont.)

Board again considered proposed circular.
April 3, 1923. 79

C.S.H. moved to strike out the portion of the whereas, objected to by Gov. Harding, as to the power of the Board.

C.S.H. said the whereas added nothing as the whole circular necessarily implied such power.

Vote on C.S.H. motion resulted in a tie and was lost.
Aye - C.S.H. and Platt
No - Miller and Cunningham

C.S.H. feels there is grave doubt how far the Board can legally exercise such power, and that the circular was voted for with little or no consideration of the question of power.
(The matter, as C.S.H. remembers, was finally compromised.)

Domestic bankers acceptances

Miller moved that Federal Reserve banks be permitted to purchase domestic bankers acceptances in the open market up to six months maturity, covering the domestic storage of goods, and limited to readily marketable, staple agricultural products, secured by warehouse receipts during life of acceptance. Voted.
Dec. 12, 1922. 20

Drum, John

Indorses Talley for Federal Reserve Agent at Dallas.
Feb. 24, 1923. 52

Durell

Cuban manager of National City Bank, Durell, favors Cuban Agency.
May 4, 1923. 106

Eckert

Master of Illinois Grange lunches with C.S.H.
Feb. 28, 1923. 54

Economy and Efficiency Committee
Dinner at Metropolitan Club for members of Federal Reserve banks assisting the.
Jan. 29, 1923. 43
Elliott, M. P.  
Conference with Federal Reserve Board.  

Cost of examination of Pacific S. W. Savings and Trust Co. and of Bank of Italy.  
Dec. 9, 1922. 20, 21, 22  

See - Examinations  

Willis says Elliott, when Counsel, advised Board that banks had legal right to examine a check drawn upon it before being called upon to pay it.  
April 20, 1923. 93  

Appears before Board with W. G. McAdoo to obtain authority for Bank of Italy or its auxiliary committee to purchase a bank in a precarious condition.  
May 22, 1923. 125  

Asks permission to file a brief with Attorney General as to construction of Section 9, Federal Reserve Act.  
June 11, 1923. 146, 149  

Tells C.S.H. Gov. Crissinger told him that Board was to ask an opinion of Attorney General. 148, 154  

Asks Gov. Crissinger to show him new report of Federal Reserve Agent Perrin as to Yuba City. July 21, 1923. 159  

Tells C.S.H. that the committee is to report a branch bank resolution on Friday.  
Oct. 31, 1923. 177, 178  

Told Board years ago it was responsible for salary given to Smithson, the Chauffeur of Dr. Miller. 197  

Europe  

H.P.H. and Anna sail on Volendam for Europe. April 14, 1923. 88  

Examinations of state bank branches.  
Gov. Crissinger brings before the Board two national bank examiners who stated that there should be at least one competent examiner and two competent assistants at each branch.  
Oct. 31, 1923. 177, 178  

Gov. C. said California had only 8 examiners and could not examine e.g. the Bank of Italy without borrowing Federal Reserve examiners, to which he was bitterly opposed. 13
Examinations of state bank branches (Cont.)

Gov. C. said that he would refuse a national bank charter to the Bank of Italy with its 65 branches if it applied for a charter. 13

Gov. C. did not deny that our Board could examine state banks with a large number of branches, but said the expense would be inordinate, i.e. that size was a factor. 13

C.S.H. said the Federal Reserve bank or the Board is obliged under the statute to examine state member banks unless the Federal Reserve bank accepts the examination of the state authorities. 33

Gov. C. insisted that the Board should take the same view as to size that he did. 13, 14.

C.S.H. points out that it is for the Board to determine this question. 14

Gov. C. urges Board to refuse further applications of California state banks for branches, on the ground that California examinations are inadequate. 14

C.S.H. said it would be monstrous to permit the Bank of Italy to retain its 65 branches and at the same time to refuse a similar privilege to other state banks whose condition might warrant an equal number of branches. 14

C.S.H. said that if it really is impossible for the Federal Reserve Board or Federal Reserve Bank to examine a state bank with 65 branches, logic would seem to demand that the Bank of Italy should be forced to give up its membership in the Federal Reserve System. 14

Gov. C. said he did not insist on this, but wanted to prevent any more branches, as California was dumping them on the community with the feeling that the Federal Reserve bank would examine them. 14

C.S.H. said the Federal Reserve Board or Federal Reserve bank must examine them, whatever the expense, if it does not accept the examination of the state authorities. 14

Gov. C. said this would impose an unjust tax on the community, even though the bank examined must pay it. 14

C.S.H. and Platt pointed out that the national bank examiners admitted that it was no more difficult to examine 65 branches than 65 unit banks. 14

Gov. C. said that lending our examiners to the state authorities made the public think they were Federal Reserve examinations. 15
Examinations of state bank branches (Cont.)

C.S.H. replied that the Board could issue a public statement which would clear this up. 15

One of the national bank examiners asked C.S.H. just what the scope of a Federal Reserve examination should be. 15

C.S.H. replied that it should be a careful, thorough examination of the condition of the bank and branches from the point of view of solvency, general management, etc.; but that the Federal Reserve bank should not undertake to ascertain whether the bank was violating the California state banking Act, - providing, of course, that the bank is in good condition; the Federal Reserve examiners should, of course, report any violations of the Federal Reserve Act.

C.S.H. added that if the Federal Reserve Board should adopt this policy and make it public, it would throw the burden upon the state, and that California would have to make larger appropriations for state examinations. 15

C.S.H. believes that California, with only 8 chief examiners, cannot adequately examine banks with a large number of branches, and is utilizing F.R. assistance to do work she ought to do herself. 15

C.S.H. believes the Federal Reserve system ought to loan its examiners to the state authorities, but that it might be well to impose reasonable limitations beyond which it will not go.

Section 9, however, authorises banks to enter with branches and with all their charter powers, subject only to reasonable regulations and lawful conditions imposed by the Board, and the Board must examine them (a) when they apply for admission and (b) after admission unless the examination of the state authorities be accepted. 16

C.S.H. thinks the Board might, for the present, limit branches to the maximum now authorized for any state bank (Bank of Italy with 65 branches), permitting other banks to have this maximum if otherwise qualified. 16

These national bank examiners were asked to examine the last report of the Bank Superintendent of California on the Bank of Italy. They did this hurriedly and reported that they had no objections to offer as to the form of the examination, but that the findings in the report as to doubtful assets were more favorable than in the case of the most conservative New York bank, - the National Bank of Commerce, - and that this made them suspect the Bank of Italy report. 16, 17

Miller pointed out that many California merchants borrow in New York and not in California and that they were the ones who had suffered most. 17
Examination of state bank branches (Cont.)

Miller also called attention to the fact that Federal Reserve Agent Perrin said the Bank of Italy had been managed in a careful, conservative manner. 17

Gov. Crissinger, C.S.H., believes is really opposed to state bank branches because national banks can not have branches, and C.S.H. fears he will go so far as practically to declare war against state bank branches. 17

C.S.H. feels that Gov. C. thinks only in terms of the national bank system, while the Federal Reserve Board must consider all member banks, - state as well as national. 17

Board has conference with M. P. Elliott as to examination of state bank branches. Dec. 9, 1927. 20

C.S.H. read from Vol. 4, Federal Reserve Bulletin, showing that Board laid down the principle of cooperation with the state authorities as to examinations, the examinations to be made, however, by the state authorities. 20

Elliott asked Board to reverse its decision that the cost of examination of Bank of Italy and Pacific South West Savings & Trust Company must be paid by these banks respectively. 20

Board rested its decision on the assumption that these examinations had, in fact, been made by the Federal Reserve bank, assisted by the state authorities. 20

Elliott read telegrams from state banks stating that Federal Reserve Agent Perrin made an agreement with them, before they entered the Federal Reserve system, that they should be examined without cost to them. 20, 21.

C.S.H. believes any such agreement must have grown out of the practice of accepting the state examinations, which the circular of November, 1918, stated had always been done in the past. 21

Wyatt advised Board that it had authority to loan examiners to supervise and assist in state examinations without assessing the cost in the bank examined. 21

Elliott said the expense of state bank examinations by the California authorities was paid from a fund contributed to by the state banks in proportion to their resources. 21
Examination of state bank branches (Cont.)

Elliott practically admitted that, in view of the great expense involved, the state authorities were relying on the assistance of Federal Reserve examiners. 21

C.S.H. feels, in view of Perrin’s agreement, they were somewhat justified in so relying. 21

The Board voted to ask Perrin to report just what the practice is as to furnishing Federal Reserve examiners, without cost, to assist in state bank examinations.

Dec. 12, 1922. 21, 22

Elliott said that California state banks could get little help from the Federal Reserve bank, as most of their deposits were savings deposits, the investment of which was closely restricted, furnishing but little eligible commercial paper. 22

C.S.H. feels that this fact, coupled with the 10% reserve requirement for special savings deposits gives equity to their claim that the Federal Reserve system should assist in state bank examinations by state authorities without cost. 22.

C.S.H. feels, however, that for the Federal Reserve bank to lend say 60 examiners when California has only 8 is going too far. 22

McAdoo tells C.S.H. there is no necessity for simultaneous examinations. January 17, 1923. 36

C.S.H. votes against El Centro application of Bank of Italy because Federal Reserve Agent Perrin had not approved it, and because it would enhance the difficulty of examination, which matter was still pending.

March 6, 1923. 37

Johnson, Bank Superintendent of California, tells Board that the examination question can be worked out satisfactorily and that he can examine the Bank of Italy and its branches simultaneously with his force augmented by clerks from the auditing and other departments, together with such assistance as the Federal Reserve bank would give him.

June 4, 1923. 146

Board committee reports a resolution to effect that state banks with numerous branches can not be examined satisfactorily either by the Federal Reserve bank or by the state authorities.

August 2, 1923. 160

(Above was a “whreas” in connection with the disapproval of two branches.)

Examiner, National Bank
See - Brewer
Examiners, National bank. 13, 16, 17
See - Examinations

Exchange charges
Gov. Crissinger favors an amendment to Federal Reserve Act to permit exchange charges, saying that as prospective Governor of the Federal Reserve Board he had received many letters favoring this.

C.S.H. said our fight has already been won, and that business interests would unanimously oppose such an amendment.

C.S.H. hopes Crissinger has made no pledge as to this.
January 29, 1923. 43

C.S.H. fears the exchange grifters have got hold of Crissinger.
April 4, 1923. 80

Expenses and dividends. 4, 5, 6, 7, 77, 78
See - Dividends and expenses, Federal Reserve banks

Farm Bureau Federation, Iowa.
Cunningham, before becoming a member of the Federal Reserve Board, introduced and put through a resolution at a meeting of the, condemning the subsidy (ship) bill, the pet hobby of President Harding. May 5, 1923. 111

Farm Loan Board
Lebouef, Chairman, issues a circular discouraging 3 year loans under the agricultural credits Act and advocating the formation of subsidiary banks for loaning purposes.
Under Sec. Gilbart questions his right to issue a circular without the approval of the Sec. of the Treasury.

Bitter dispute.

Farm, Dirt
Sen. Kellogg responsible for putting a dirt farmer on F.R. Board.
Dec. 28, 1922. 33

Faragut Square, 919
We move into. Dec. 19, 1922. 106
Harriet Hamlin explains to President Wilson as to.
Dec. 27, 1922. 30

Federal Advisory Council
Question of dividends and expenses came before Council in 1916
Dec. 27, 1922. 30

Forgan insisted Federal Reserve Bank must earn. 6

Open market purchases of Gov't. securities. 7

Advises increase in discount rate from 4 to 4 1/2% at Boston, New
York, and San Francisco. Feb. 20, 1923. 47

Ball of Federal Advisory Council increases Talley for Federal
Reserve Agent at Dallas. 49

Meeting with Federal Reserve Board.
May 21, 1923.

Cuban agency discussion. 121

See - Cuban agency

Dawes congratulates C.S.H. on his remarks on Cuban agency at
above meeting. 129

The Council objected to any Cuban agency, but C.S.H. thinks as
between Atlanta and Boston, they favored Atlanta. 142

Three members attend lunch of C.S.H. to executive committee of
National Grange. Feb. 28, 1923. 54

See - Farm Loan Board

Federal Reserve Act
Gov. Crissinger favors amendment to permit exchange charges.
Jan. 29, 1923. 43, 44

Federal Reserve Agents.
Atlanta, 133, 134

See - Cuban Agency

McCurdy

McIlley

Smith, Hoke

Wellborn

Boston, 135

See - Boston

Bullen

Cuban Agency

Curtiss

Mores

Washburn

Hardin, Gov.

Federal Reserve Notes of other Banks

Bankers, May 19, 1923. 88
Federal Reserve Agents (Cont.)

Chicago:
Discount rates. 81, 85

Cleveland:
Discount rate discussion. 2

Dallas 41, 52
See - Brewer
See - Collier
See - Mitchell
See - Talley
Discount rate discussion, Direct control
1, 2, 3, 4, 7, 8

New York 132, 133, 134
See - Cuban Agency
San Francisco
Direct control. 11, 12

Federal Reserve Board
1, 47, 48
Discount rates, direct control
12 Federal Reserve Banks
See - Mitchell
49 Federal Reserve Agent, Dallas
61 New Cuban Central bank
79 Open market committee
85 Open market operations
107, 108 Cuban Agency
114 Federal Reserve notes
120 Miller attacks Board
123 Branch banks
123 Cuban Agency

See - Cuban Agency
Branch banks
Dividends and expenses
Cuban agency
Federal Reserve notes
California special savings accounts

Federal Reserve branch banks
See - Branch banks
Little Rock branch

Foulke
Eddy told Eyett that Foulke was not doing good work; told C.S.H. just the opposite 195, 196

Federal Reserve notes
Gov. Hardin tells C.S.H. that principal difficulty with Cuban agency relates to Federal Reserve notes of other banks than Atlanta. Mar. 9, 1923. 59
Federal Reserve notes (Cont.)

Taussig sees no objection to stating reserve against notes and deposits separately. April 19, 1923. 89

Taussig again against amendment making Federal reserve notes issueable only against commercial paper. April 19, 1923. 89

Gov. Wellborn says there are about 40 millions of Federal Reserve notes of Atlanta in circulation in Cuba.

See - Cuban Agency

Board agreed that only issued notes could be deposited at Havana May 1, 1923. 103

Dr. Miller attacks past policy of Board in not restricting the issue of Federal Reserve notes.

May 10, 1923. 114

Miller says real reason for rediscounting is to obtain Federal Reserve notes; that the Board had surrendered its control to impossible directors; that the Board had acted in a shamefully negligent manner; that unrestrained issue of Federal Reserve notes was responsible for the inflation.

C.S.H. said he would later reply to this attack on former Board members. May 10, 1923. 114, 115

See - Miller

Gov. Harding says 100 million of Federal Reserve notes will be required in Cuba, under the agency, as they would displace other form of American money.

May 15, 1923. 117

C.S.H. says Cuban agency primarily is to assist American trade and American banks, and that Federal reserve note question is only incidental. 118

Warburg suggests that Board should deposit Federal Reserve notes with existing Cuban banks, taking out credits on which Cuban exchange could be sold; that said notes would be cash in the local banks. 148

See - Cuban Agency

Miller

Gold reserve behind Federal Reserve notes

See - Miller

Federal Reserve system

C.S.H. delivers a lecture on, at house of George Hanlin at Marion August 31, 1923. 164
First National Bank, Boston 102, 103, 118
See - Cuban Agency

Foley, League of Nations
President Wilson tells C.S.H. that he is very much pleased
with Foley's collection of his speeches on the L. of N.
Oct. 31, 1923. 177

Forbes, Cameron
Dr. Willis says Forbes, while Governor of the Philippines, used
some of the reserve funds illegally to build roads.
April 20, 1923. 91

Dr. Willis criticizes Forbes and Gen. Woods statement in their
report that the Philippine National Bank constituted one of
the blackest chapters in the history of banking. 92

Dr. Willis says conditions were no worse than in several banks
in U.S., e.g. the Guaranty Trust Company. 92

Ford, Henry
Mr. Howell, of Atlanta Constitution, tells C.S.H. that Hearst
and Idunsey (N. Y. Herald) would come out for Ford for
President. June 8, 1923. 148

Forgan
Said some years ago that Federal Reserve banks must earn expenses
and dividends; that this would involve no more competition
with member banks than would the establishment of one new
large bank in Chicago or New York. 6

France
Admiral Niblack says France now sees her error in favoring the
Turks against Great Britain, as Turkey had thrown her down as hard as she did Great Britain.
Nov. 10, 1922. 9

Galt and Brother
Mrs. Wilson postpones dinner for C.S.H. because of death of general
manager of. Oct. 16, 1922. 176

Gaston, W. A.
Sen. Walsh (Mass) tells C.S.H. that Gaston is a corruptionist; that
he bought his nomination for Senator; that he refused to take issue with Lodge on reduction of income tax on large
incomes; that if he had been elected there would have been a scandal worse than that of Newberry. Jan. 1, 1923. 36
Girard, James
Mrs. Wilson declines to lunch with Girard at Newport as she said Mr. Wilson would prefer to have her accept no hospitality from him.
Aug. 28, 1923. 163

Gilbert, Under Secretary.
Asks Federal Advisory Council to strike out word "primary" from their recommendation that in buying Govt. securities primary consideration should not be given to earnings, and Council does this. Oct. 13, 1922. 7

Tells C.S.H. he had issued an order that the picture of Sec. Carlisle should remain in C.S.H.'s room. Anna told him of the controversy between C.S.H. and Asst. Sec. Moss as to that.
March 28, 1923. 66
March 29, 1923. 67

Controversy between Gilbert and Lobdell of Federal Farm Loan Board as to power of Board to issue circulars without approval of the Sec. of the Treasury. March 27, 1923. 70 to 75

Glass, Senator
Attends dinner of C.S.H. to Baldwin, Chancellor of the Exchequer.
Jan. 15, 1923. 38

Speaks to C.S.H. as to charges against McHary, nominated for Comptroller of the Currency. Jan. 30, 1923. 45

Votes in committee against confirming McHary. Mar. 4, 1923. 55

Speaks with contempt of Senator Pepper for his efforts to secure confirmation of McHary. Mar. 6, 1923. 58

Tells C.S.H. that John Skelton Williams is an unprincipled scoundrel; that he had prepared a speech denouncing him, but incautiously told Sen. Brookhart of it; that Brookhart told Sen. Heflin who got the floor and talked 7 hours up to the close of the session, thus preventing him from speaking.
Mar. 6, 1923. 58

Tells C.S.H. that Campbell, the dirt farmer, is a much better man than Crissinger; that Crissinger was evidently a shrewd politician as he had obtained the support of Sen. Heflin; that he had heard that Crissinger had said he did not approve of the policies of Gov. Harding nor of the Board; that he feared Crissinger had given pledges as to his future action.
Mar. 6, 1923. 59

C.S.H. sends telegram to Glass as to clearing decision of U.S. Supreme Court, stating also, at Miller and Crissinger's request, that they regarded it as a body blow at the F.R. clearing system.
Glass, Senator (Cont.)

but adding that Platt and C.S.H. did not so regard it.

June 12, 1923. 152

Glass has interview with C.S.H., Platt and Gov. Crissinger, who
changes his views on clearing decision - Glass says he
will send him a letter quoting his views so as to find him,
and praising them.

June 16, 1923. 154, 155

Goff, Frederick

C.S.H. attends funeral of, as honorary pall bearer.

March 17, 1923. 63

Gold exports

See - Hoover

Tausig

Gold reserve

Governors wanted Board to put a foot note in weekly statement, to

effect that the Federal Reserve system holds one billion dollars

of gold, really in trust to pay it back to Europe at no distant
date, and that therefore our gold reserve is not as large as it

seemed to be.

Miller vehemently objected.

Mar. 27, 1923. 78, 79

See - Miller

Tausig believes that all gold reserves whether held by F.R.

Agents or by Federal Reserve bank should be included in Federal

Reserve bank assets and all Federal Reserve notes in their

liabilities.

April 12, 1923. 89

Government securities

Discussion as to effect on Treasury policies of purchases by

Federal Reserve banks in open market of U.S. Govt. securities.

Oct. 13, 1922.

3, 4, 5, 6, 7, 8, 76, 77, 78, 79

See - Dividends and expenses

Governor's Conference

Oct. 13, 1922.

Discount rate policy. Direct action. 1, 2, 3, 4, 78

Purchase of Govt. securities in open market. 1, 2, 3, 4
Governors Conference (Cont.)

Conference.
March 27, 1923.
Reserve against California special savings deposits
Votes. 7 to 5, for a 10% reserve. 76

Committee on open market purchases. 76, 77, 78

Grange, Farmers
C.S.H. gives lunch to Executive Committee of.
Feb. 28, 1923. 54

Mrs. Wilson addresses. Sept. 1, 1923. 164

Grant, Mrs. Fred
Attends dinner of C.S.H. to Chancellor of the Exchequer Baldwin.
Jan. 15, 1923. 35

Grayson, Admiral
Gives H.P.H. a version of President Wilson's treatment by President
Harding and Sec. Weeks on occasion of burial of unknown
soldier, differing from that of President Wilson.
Dec. 27, 1922. 31

Sen. Samuels say he was disgusted at the Empress Dowager -
Tumulty-Grayson combination.
Dec. 5, 1923. 185

Great Britain
Admiral Niblack says France now regrets siding with the Turks
against Great Britain; that the Turks had turned France down
as hard as they did Great Britain.
Nov. 10, 1923. 3

See - Gray, Lord

Greece
Admiral Niblack said he was frankly pro-Turk as against Greece;
that the Turks were better and clearer than the Greeks, etc.
Nov. 10, 1923. 9

Gray, Lord
Vice President Marshall tells C.S.H. that he had arranged with
Lord Gray to have the British Govt. announce that it would
accept the Senate reservations to the League of Nations, and
tried to get an interview with Wilson to induce him to say
that if the Senate ratified the Versailles Treaty with the
League reservations he would send it to Great Britain and
not tear it up, but he could not get an interview with Wilson
Dec. 8, 1923. 185
We, Rachael (Mrs. Chandler Hale)

C.S.H. made an appointment with Mrs. Hale and called. C.S.H. said Gertrude Myer was almost in a frenzy about her nephew coming to Washington to live, and that C.S.H. feared she would start a vendetta against him; C.S.H. said Gertrude had great faith in her judgment, and advised her to put the brakes on her lest she might do something rash. Mrs. Hale said she thought the nephew was a worthless fellow; that she had heard rumors that he had even committed forgery; that she could not blame Gertrude for not wanting to help him in Washington Society, but that she should be decent and pleasant with him, - especially while the will controversy was pending; that Gertrude was almost beyond the border line of sanity; that her family was full of insanity; that she did not regard her as normal; that she was most mercenary; almost violent in her likes and dislikes; that a few weeks ago she had practically insulted her (Mrs. Hale) in her own house, but that as an old friend, she had to overlook it, although even her children had noticed it, and thoroughly disliked her.

C.S.H. asked her about Mr. Norton and she amazed him by saying that Gertrude had told her that, a long time ago, she had told Norton that his attentions had compromised her and demanded that he marry her; that Norton told her he did not love her, but that if she insisted he would marry her, but that, of course, nothing came of this.

She also said that Gertrude took good care that her brother should not marry; that she feared he would become a Roman Catholic and leave all his money to that church.

She also said Gertrude some time ago made a will making Norton and herself executors in case she did not want to serve.

C.S.H. said she ought to say this at once to Gertrude and fully agreed with her that it would be better for her own sake, not to serve in such capacity.

Mrs. H. also said she was convinced that Canon Myer was very unhappy and that Gertrude was almost saying something unpleasant about the church.

Nov. 25, 1923. 181, 182, 183

Hastin, Anna

Gov. Harding says people in Washington are commenting on our partisanship and thinks Anna may have been talking incautiously, which C.S.H. does not at present believe.

Dec. 24, 1923. 28


March 24, 1933. 66
Hamlin, Anna (Cont.)
Mr. Wilson sends warmest regards to Anna.
Sept. 25, 1923. 173

Hamlin, C. S.
Elected trustee for Carnegie Foundation for International Peace.
April 20, 1923. 97

President and Mrs. Wilson give C.S.H. a rabbit foot for his birthday.
Aug. 30, 1923. 163

See - Branch banks
Branches, F.R.
Cuban Agency
Dividends and Expenses
Examinations
Glass
Hoover
Pension plan
Votes
Wilson
Other headings.

Hamlin, Edward, Mrs.
Mrs. Catharine Hamlin died 2 a.m. September 20, 1923. 170

C.S.H., H.P.H. and Anna attend funeral.
Sept. 21, 1923. 171

Hamlin, Harriet G. and Jane
Visit us in Washington.
Dec. 22, 1922. 26

Take tea with President and Mrs. Wilson.
Dec. 27, 1922. 29

See - Wilson

Hamlin, H. P.
Lunches with Mrs. Wilson and talks with President Wilson.
Prepares memorandum of talk.
(See scrap book) Nov. 24, 1923. 10

See - Wilson

Spays at Mrs. Delano's house from Nov. 16 to Nov. 26.
Nov. 16, 1922. 11

Gives luncheon for Harriet and Jane Hamlin.
Present: Mrs. Wilson, Mrs. Bayard, Jane Riggs, et al.
Dec. 23, 1923. 26
Hamlin, H. P. (Cont.,)

Gov. Harding says people are criticizing H.P.H. for partisanship.

C.S.H. denies. Dec. 24, 1922. 26

C.S.H. says H.P.H. confines herself to defending Wilson administration.

Think Miss Patten is Gov. Harding's informant.

Dec. 27, 1922. 29, 30.

Admiral Grayson gives H.P.H. an account of President Wilson's
treatment at burial of unknown soldier which differs from that
of Mr. Wilson. Dec. 27, 1922. 29

See - Wilson

C.S.H. sends H.P.H.'s sketch, - "Patrick" to Mrs. Harding.

Jan. 2, 1923. 36

Takes Mr. Hagerman to Pan American reception.

Jan. 22, 1923. 40

Mrs. Pepper tells H.P.H. that her husband Senator Pepper is
changing his views as to the League of Nations.

March 4, 1923. 56

See - Pepper

Sails, with Anna, on Volendam for Holland. April 14, 1923. 88

Mrs. Woodrow Wilson and Mrs. Admiral Helm visit H.P.H. at
Mattapoisett Aug. 26, 1923. 165

See - Wilson

President Wilson thanks C.S.H. for the kindness of H.P.H. to his
wife, with tears pouring down his cheeks.

sept. 4, 1923. 165

See - Wilson

Hanibara, Japanese Ambassador

C.S.H. and H.P.H. give dinner to.

March 14, 1923. 62

See - Anderson

Harding, Governor

P.R. Agent Curtiss says his board is considering Gov. H. for
Governor of Federal Reserve Bank of Boston.

Dec. 7, 1922. 18
Harding, Governor (Cont.)

Curtiss says some of Board feel that appointment of Gov. H. would be construed as a slap at President Harding.

C.S.H. says he thinks Federal Reserve Board would be pleased at appointment and advises Boston Board to consult with Sec. Mellon. Dec. 7, 1922. 19

Sec. Mellon tells press that he is still hopeful that Gov. H. will be reappointed. Dec. 7, 1922. 20

Warburg and Ricci wire Mitchell (Federal Advisory Council) that Gov. H. had just told them that he had withdrawn his name for further consideration as Governor. Dec. 16, 1922. 24

Gov. H. tells C.S.H. that Sec. Mellon advised him to withdraw his name from further consideration as Governor, as President Harding felt that the opposition to his confirmation would block legislation and that he felt he could not reappoint him. Mellon said President Harding expressed vaguely some regret that he had not sent in his name earlier.

This ends this miserable incident!  
Dec. 16, 1922. 25

Charles Washburn calls and says Boston is considering Gov. H. for Governor; that Stockton, Aiken and Wing strongly favored this; that Beal, Hollis and Curtiss feared it would be construed as a slap at the administration; that he had seen Sec. Mellon and Weeks who both favored it as did he also.  
Dec. 18, 1922. 26

Gov. H. dines with C.S.H. and said he had had a confidential talk last Sunday with a lady who said, as a friend of C.S.H., he should warn him that his bitterness and that of his family against the administration was being much commented on, and that he should caution him.

Gov. H. said he spoke of this because of his friendship with C.S.H., especially in view of the Republican spoils hunters who were urging President Harding to remove all Democrats, or to call for their resignations.

C.S.H. asked if he had heard from any source that the President was being urged to call for his resignation, and Gov. H. said No, and that he had spoken of this merely because of his talk with this woman, whose name he said he could not mention.
C.S.H. told Gov. H. that neither he nor his family had publicly criticized President Harding or his administration, but that, on the contrary, they had on certain occasions even defended it against Republican attack.

C.S.H. cited one instance when H.P.H. had reproved certain Republican women at a ladies' luncheon, who were nastily attacking President and Mrs. Harding.

C.S.H. also cited one case where a woman was praising Roosevelt for his courage, stating that it was in contrast with President Harding's weakness, when C.S.H. said, "Can you point out a single instance in Roosevelt's career which showed the courage President Harding exhibited in vetoing the bonus bill?"

The woman became silent.

(This woman was Mrs. Freeman, the wife of Dr., later Bishop Freeman, but C.S.H. did not tell this to Gov. H.)

C.S.H. said they were scrupulously careful not to criticize the administration, but that they never had and never would hesitate to respond vigorously to any attacks upon the Wilson administration, at any time, and from any source.

Gov. H. said he had no doubt of this, and added that possibly Anna may have said something indiscreet, which C.S.H. does not for a moment believe.

When Gov. H. was leaving, C.S.H. asked him how Miss Patten was getting along with her broken arm, and he said he had a long talk with her last Sunday, thus letting the cat out of the bag.

The last time C.S.H. and H.P.H. called on the Patten's, 2 or 3 weeks ago, H.P.H. had quite a dispute with Josephine over the League of Nations, and C.S.H. thinks this was what inspired the remarks to Gov. H.

The League of Nations is not really a political question, but the Republicans have made it one.

Gov. H. asked C.S.H. what he would do if President Harding asked for his resignation.

C.S.H. said he would reply that if the President had any cause, under the Federal Reserve Act, he could remove him, and that he should leave him to that remedy.

C.S.H. believes there is more behind this than Gov. H. revealed, as he knows how bitter the Republicans are at their recent defeat, and how gladly they would remove all democrats if they only dared.
Harding, Gov. (Cont.)

C.S.H. believes, however, President Harding would not dare to remove him, as he knows it would bring before the public his attempt to secure the insurance business of the F.R. banks for his brother-in-law, his efforts to turn the F.R. system into a political machine, by the order to appoint Comstock, etc. etc.

Dec. 24, 1922. 26, 27, 28, 29

Gov. Harding called.

C.S.H. believes of Boston wants to talk with him.

Dec. 24, 1922. 33


Gov. Harding tells C.S.H. he has an offer from a large New York corporation, not a bank, but one having large fiscal operations, to act as President, with an office in Washington, for 5 years, at a salary of $100,000 per year and a stock bonus of $100,000.

Gov. Harding said Dr. Miller was a stockholder. Dec. 28, 1922. 33

Gov. H. said Mitchell would soon resign from the F.R. Board. 33

Mitchell says that Senator Pomerene why President Harding did not reappoint Gov. H. Jan. 1, 1923. 34

Mitchell tells Senator Pomerene why President Harding did not reappoint Gov. H. Jan. 1, 1923. 35

Gov. H. tells C.S.H. that Senator Reed of Pa. had doubts whether he could vote to confirm Crissinger if appointed on the F.R. Board because of his drunkness at a recent dinner at Pittsburgh. Jan. 7, 1923. 37

President Harding nominates Crissinger for F.R. Board. Jan. 12, 1923. 37


Mar. 9, 1923. 59, 60

Gov. H. says direct control is very efficacious as to F.R. bank credits and says he used it recently on the International Trust Co.
Harding, Gov. (Cont.)

of Boston, which, the next day, reduced its rediscounts by $500,000.

Mar. 26, 1923. 69

Gov. Harding, at conference of Governors, votes in favor of 3% reserve against special savings deposits.

Mar. 27, 1923. 76

Gov. H. objects to a preamble in proposed circular of Federal Reserve Board stating that the Board has power to fix the amount of open market purchases by Federal Reserve banks, of U.S. Govt. securities.

Mar. 27, 1923. 77

Gov. H. points out that acceptances originating within the district of a Federal Reserve bank should be excepted from the power of the open market committee, as otherwise there would be complete centralization at New York at expense of the rest of the country. All agreed to this.

Mar. 27, 1923. 78

Vote in Board on Gov. H.'s suggestion to strike out preamble in circular on open market operations resulted in a tie.

April 3, 1923. 78, 79

Apr. 3, 1923. 78

Gov. Harding says Miller's plan of publishing separate reserves against deposits and Federal Reserve notes will startle the public.

March 27, 1923. 79

Writes letter to C.S.H. on Cuban Agency. April 7, 1923. 83

See - Cuban Agency

Attends conference on Cuban Agency. April 30, 1923. 99, 101

See - Cuban Agency

Attends another conference on Cuban agency. May 7, 1923. 107, 109

See - Cuban agency

C.S.H. sends message to Gov. H. through Mitchell. May 9, 1923. 113, 114

Attends hearing on Cuban agency. May 15, 1923. 116, 117

See - Cuban agency

C.S.H. suggests designating both banks to Gov. H.

May 23, 1923. 128

See - Cuban agency


130, 131, 136, 139
Harding, Gov. (Cont.)

Gov. H. mails C.S.H. a memorandum on Cuban Agency.
May 26, 1923. 132

See - Cuban Agency

Board considers Gov. H's letters etc.
May 29, 1923. 140

Lodge says Gov. told him whole matter was settled.
May 29, 1923. 141

C.S.H. has interview with Gov. H. in Boston; accepts double resignation.
June 18, 1923. 148
June 20, 1923. 156

Gov. H. suggests additions to Wystie's draft.
June 21, 1923. 157

Gov. H. spends a Sunday with C.S.H. at Mattapoisett. Said he wrote Mr. Wilson for permission to publish personal letter he wrote him approving Board's acts. Mention British Exchequer notes, but that Bolling replied in a brusque note saying Wilson declined to have him print it in his book.
Sept. 23, 1923. 171

Harding, President

Some of Boston Board of directors fear that appointment of Gov. H.
as Governor of Federal Reserve Bank of Boston may be construed as a slap at President Harding.
Dec. 7, 1922. 19

Mitchell says it would be an affront for President Harding to designate Crissinger for Governor of F.R. Board over head of Platt.
Dec. 16, 1922. 24

Sec. Mellon advises Gov. Harding to withdraw his name from consideration; that President Harding said he could not reappoint him, as the fight on confirmation would block legislation; that President Harding expressed vague regret that he had not sent in his name earlier on expiration of his term.
Dec. 16, 1922. 25

Washburn tells C.S.H. that the appointment of Gov. H. as Governor of Boston bank will not be felt by President Harding as a slap against his administration.
Dec. 18, 1922. 26

Gov. H. tells C.S.H. he has not heard of any pressure upon President Harding to call for his (C.S.H.'s) resignation.
Dec. 24, 1922. 27
Harding, President (Cont.)

C.S.H. gives Gov. H. instances where he and H.P.H. have defended President Harding. Dec. 24, 1922. 27

See - Harding, Gov.

C.S.H. tells Gov. H. he and H.P.H. have been scrupulously careful not to criticize President Harding.

Dec. 24, 1922. 27

See - Harding, Gov.

President Wilson spoke to C.S.H. in terms of contempt for President Harding; he said he was absolutely servile, - a follower and not a leader.

Dec. 27, 1922. 30

President Wilson tells C.S.H. of the treatment he received from President Harding and Sec. Weeks at the burial of the unknown soldier.

Dec. 27, 1922. 31

Mrs. Wilson tells C.S.H. of the sudden cessation of flowers from the Department of Agriculture which Sec. of Agri. promised to send her, on the order of some one "higher up" presumably President Harding. Dec. 27, 1922. 32

Gov. H. said Mitchell was utterly disgusted with President H. and with his failure to reappoint Gov. H. and that he would soon resign. Dec. 28, 1922. 33

Mitchell tells Sen. Pomerene that President H. refused to reappoint Gov. Harding because F.R. Board would not appoint Comstock, an utterly unfit politician, as F.R. Agent at Kansas City.

Jan. 1, 1923. 35

Vice President Marshall says he wrote Pres. Harding about F.R. Agent Heath and added that of course he would not interfere with appoints which the F.R. Board made under the statute.

Jan. 2, 1923. 35

Some years ago President Harding (then Senator) promised to give C.S.H. some coffee with the caffeine taken out. Mrs. Harding sends some to C.S.H. Jan. 2, 1923. 35

President Harding nominates Crissinger, and Campbell for F.R. Board, and McNary for Comptroller of the Currency.

Jan. 12, 1923. 37

Mitchell and Crissinger showed him a letter from President Harding stating that Oregen (the Republican boss and National Committeeman of Texas) had endorsed Collier for F.R. Agent at Dallas, and that Collier should receive the appointment which was solely within the jurisdiction of the F.R. Board, under the
Harding, President (Cont.)

Jan. 24, 1923. 41

This letter of President Harding was not put on the file of the Board as were the letters in the Comstock case. 43

President H. told Sen. Cadle he would not sign Campbell's appointment for F.R. Board until Mellon was confirmed as Comptroller of the Currency. This is dirty political)

Feb. 5, 1923. 46

Mitchell tells the Senate that President H. was told that during the campaign in 1920, President H. was told that he had not a chance unless he promised to break up the F.R. Board and put in his own men. 46

Feb. 9, 1923. 45

Sen. Cousins of Michigan tells C.S.H. that, together with Sen. Pepper, and Sen. Hitchcock, he wanted to Pres. Harding and told him that, in view of the character of the charges against Mellon, he could not be confirmed; that President H. said he insisted on a vote, but intimated there was no hurry about it.

Feb. 10, 1923. 46

Sen. Cousins said it would probably remain in abeyance for a long time and give C.S.H. the impression that President H. intended to give him a recess appointment and, therefore, did not want an adverse vote in the Senate, and refused to withdraw his name.

Feb. 10, 1923. 46

Board elected Talley as F.R. Agent at Dallas; Crissinger voted for Collier as President Harding had directed him to do, but did not fight for him.

Feb. 23, 1923. 53

One of these employees is to sue the President, and the lady told H.P.H. above facts would come out at the trial.

Feb. 23, 1923. 53

President Harding has recently revoked the above order and has restored the employees to their Civil Service status, but declines to put them back in their old positions!
Harding, President (Cont.)

Sen. Class tells C.H. that Sen. Watson called up President Harding on the telephone and told him that scarcely a single Senator. Republican or Democrat, believed that McNary was a fit man for Comptroller, and begged him to withdraw his name, but President Harding absolutely declined, saying the Senators must put their bellies up to the saw

March 6, 1923. 56

Mitchell tells the Board he is to resign. While he put it nominally as the ground of his private business affairs, he spoke very freely of his disgust at the political interference of President Harding with the F.R. Board, especially in the cases of Comstock and Collier.

March 13, 1923. 61

Anna says a friend in the State Department told her that President Harding's name was on a list seized from a bootlegger, but was not printed with the others in the Washington Post.

March 14, 1923. 62

Mitchell said that President Harding had accepted his resignation to take effect May 12; he read to us a very flattering letter from President Harding referring to his distinguished service, etc., etc.

He said he saw President Harding yesterday; that he told him that he (Mitchell) had done some things on the F.R. Board which President Harding had not approved of; that President Harding said he was greatly disturbed because the Board declined to follow his recommendations, evidently thinking that he was the directing power of the Federal Reserve system; that he said he had promised the Class C directorship to Mullens, and yet the F.R. Board elected Knight in full knowledge of his wish; that the Board had also declined to appoint Leffingwell in New York; that he submitted that Hurd of Nebraska was a good appointment, but said nothing about Comstock.

Mitchell said he reminded him that the Board had not reappointed Wolfe, of Cleveland, because of his unfair attacks on him (the negro rumor), and he replied that he would have felt very sore had we reappointed him.

Mitchell said Christian, President Harding's Secretary, had filled up Harding with the idea that he had power to direct all Federal Reserve appointments, and that, in his opinion, Christian was a "stinker."

April 28, 1923. 97, 98.

President Harding was very much in error as to Leffingwell. Sec. Mellon and the whole Board wanted to appoint him, C.H., especially, as an antidote to Gov. Strong, but Leffingwell was Counsel for a number of banks and himself decided he could not accept as he did
Harding, President (Cont.)

not wish to sever his relations with these banks.
April 28, 1923. 98

President Harding communicates with the Board as to the Cuban Agency. He told Crissinger he had received many letters and telegrams about it, but that he knew nothing about the facts; that he would take up the matter with Hughes and the cabinet this morning and asked us to take no action until we heard from him; that he had also talked with Sec. Mellon.

May 8, 1923. 109, 110

President Harding nominates Cunningham for F.R. Board; Sec. Mellon told C.S.H. he knew nothing about him, that this was the first he knew about it. He seemed perfectly amazed and said he had only a vague idea that he may have heard of his name as a candidate.

This is politics with a vengeance!

May 5, 1923. 110, 111

Chappell of Kansas tells C.S.H. that Cunningham at a meeting of the Iowa Farm Bureau Federation, proposed and put through a resolution condemning the Ship Subsidy bill. President Harding’s pet hobby.

May 5, 1923. 111

Gov. Crissinger reads to the Board a letter from President Harding stating that he had taken up the International phases of the Cuban Agency with the Cabinet, and they unanimously were of opinion that such an agency was most desirable; that he requested the Board to establish one; that he had no suggestions to offer as to which Federal Reserve Bank should be designated; that he hoped that the Board could arrange the matter so as to create as little friction as possible.

May 9, 1923. 111, 112

Gov. Crissinger added that President Harding told him that Sec. Mellon and all the Cabinet thought Boston should be designated.

May 9, 1923. 112

James and Cunningham take oath of office as members of the F.R. Board.

May 14, 1923. 116

Gov. C. at Cuban Agency hearing states that President Harding and the State Department feel that the establishment of the Cuban Agency is most important from the viewpoint of international policy.

May 15, 1923. 116, 117

James tells C.S.H. that although he had always been a Democrat, he had voted for President Harding.

May 16, 1923. 116

Sen. Lodge tells Gov. Harding he will see President Harding tomorrow and will back up Boston to the finish as to the Cuban Agency.

May 24, 1923. 128
Harding, President (Cont.)

President Harding dies.

August 2, 1923. 162

Mrs. Harding tells C.S.H. President Harding had great regard for him.

Sept. 4, 1923. 166

Harding, President, Mrs. C.S.H. sent Laura Harlan a copy of H.P.H.'s sketch of "Patrick" to read to Mrs. Harding who was quite ill. This A.M. Mrs. Harlan wrote C.S.H. saying Mrs. Harding enjoyed the sketch immensely and she also sent a tin can of Bakeda coffee, with the caffeine extracted, which she said her husband had promised to send to C.S.H. some years ago.

President Harding (then Senator) made this promise one night at dinner and later told C.S.H. he called at his house to deliver it but found C.S.H. away on a vacation.

It seems extraordinary for her in her illness to have remembered this episode.

Jan. 2, 1923. 35, 36

Mrs. Harding, through Miss Harlan, writes C.S.H. thanking him for some fresh Mattapoisett eggs he had sent her.

Jan. 23, 1923. 40

C.S.H. sees Mrs. Harding off on the train. She was very much pleased, and told C.S.H. how highly President Harding esteemed him.

Sept. 4, 1923. 165, 166

C.S.H. delivered an address in Mattapoisett the week of President Harding's death, speaking especially of Mrs. Harding and sent her a copy with a letter, saying he would like to call and see her before she left Washington.

She replied through Miss Harlan saying she would be glad to see C.S.H. any day.

Miss Harlan, in her letter, said she had called up C.S.H. but found he was out of town.

C.S.H. went to the train. Mrs. Harding's car was on a siding and he waited until it was pulled out and backed down on the train. Gen. Sawyer was on the platform and recognized C.S.H. and brought him in to see Mrs. Harding. She was very much pleased and asked C.S.H. for remembering her.

Gov. Crissinger later told C.S.H. that Mrs. (President) Coolidge and Postmaster General New were there but no other Cabinet officer.
Miss Laura

See supra - Harding, President, Mrs.

Harrison, Gov. General

Dr. Willis tells C.S.H. that the Philippine National Bank was all right while he was President of it; that under Harrison it made bad loans and got into bad condition; that Harrison was personally honest but of bad moral character; that he did not unload Tammany politicians on the Islands; that his failure was in not discharging incompetent and corrupt native officials.

April 20, 1923. 91, 92.

After supper we drove into town and saw the famous picture. See - Willis.

Havana

See - Cuban Agency

Hearst, W. R.

Mr. Howell, of Atlanta Constitution says Hearst will ultimately come out for Ford for President.

June 8, 1923. 148.

Heath, Federal Reserve Agent

Vice President Marshall says he wrote President Harding indorsing Heath, adding that of course he would not interfere with appointments which the Federal Reserve Board, under the Federal Reserve Act, were to make. Jan. 2, 1923. 35

Heflin, Senator

Sen. Glass says Heflin got the floor and talked the session out, thus crowding out a speech he was to make attacking John Shelton Williams.

March 6, 1923. 59

Hezerman

Takes supper with C.S.H.

Gives opinion as to McNary.

Jan. 21, 1923. 40

McNary

H.P.H. takes Hagerman to Pan American reception.

Jan. 29, 1923. 46

Hagerman again talks with C.S.H. as to McNary.

Jan. 30, 1923. 44

See - McNary.
Helm, Mrs. Admiral
Visits H.P.H., with Mrs. Woodrow Wilson, at Mattapoisett.
Aug. 26, 1923. 163

Leaves Mattapoisett. Sept. 1, 1923. 164

Mrs. and Admiral Helm give a supper at an inn on the Alexandria Road, near to Congressman Philip Campbell's house. Present: Mrs. Wilson, C.S.H. and Admiral and Mrs. Helm. After supper we drove into town to the Rialto and saw the Green Goddess, an Italian moving picture. Sept. 12, 1923. 169

At dinner with Mrs. Wilson at which Mrs. Helm was there, and later went to the theatre.
Oct. 31, 1923. 177

C.S.H. dines with Admiral and Mrs. Helm. Mrs. Wilson was there. Nov. 21, 1923. 179

Herzon, Chief Examiner
See - Examinations

Hill, Philip
Congressman from Baltimore.
Name appears on bootleggers list. Mar. 14, 1923. 62

Hitchcock, Senator
Tells President Harding that McNary can not be confirmed.
Feb. 10, 1923. 46

Votes in committee against confirming McNary. Mar. 5, 1923. 56

Tells C.S.H. that Wilson's manner in delivering his Armistice Day speech was almost imbecile. Dec. 5, 1923. 184

Hollis, Allen
Fears appointment of Gov. Harding as Governor of F.R. Bank of Boston might be construed as a slap at President Harding.
Dec. 18, 1923. 26

Hoover, Secretary
Talks at dinner at Metropolitan Club to the Governors of the F.R. banks.

Says that agricultural exports will shortly fall off, as Russia will soon export grain; that the only hope for farmers is in the increase of the population; that in 1923 the balance of trade in visible commodities was favorable; that the invisible balance was greatly against us, by some 500 millions; that manufactured exports
Hoover, Secretary (Cont.)

will not increase much; that imports would not increase much; but were increasing from South American countries; that we are near an unfavorable balance in visible commodities, as opposed to invisible; that gold will shortly begin to be exported; that it is vital that the billion dollars of gold received by us since 1920, be not used as a basis of credit expansion.

Hoover also said that his circular advising suspension of Govt. building contracts was not based on belief of present inflation of prices; that there was great need of further construction of houses, railroad equipment, etc.

March 26, 1923. 67, 68.

Taussig does not agree with Hoover's opinion that gold exports will start in any volume in the near future.

April 19, 1923. 91

Hopkin, Nina

Gives dinner to Mrs. Wilson at Newport, R. I.

August 28, 1923. 163

Hord

President Harding admits that Hord, appointed Class C Director at Kansas City, was a good appointment.

April 25, 1923. 97

Howell

O.S.H. luncheons at Atlanta with Mr. Howell, who said a third party seemed inevitable and that Hearst and Munsey would come out for Ford. He thought Ballston might be nominated.

June 8, 1923. 148

Hoxton

O.S.H. and H.P.H. attend wedding of daughter of Sec. Hoxton at Alexandria, and sit in George Washington's pew at Christ Church. Jan. 12, 1923. 37

Hughes, Charles F.

Mary Patten says Hughes was very desirous of being appointed Chief Justice of the Supreme Court; that he felt sure of getting it and when congratulated made no disclaimer; that he was bitterly disappointed when Taft was appointed, but gamely said it was a good appointment.

Nov. 29, 1922 10

President Harding is to consult Hughes as to Cuban Agency.

Aug. 8, 1923. 110
Itutton, A.

Dr. Miller insisted that Dr. Willis should give Hutton an appointment on F.R. Board staff. (References to Volume 4, Diaries) 197, 198

Inflation

Taussig says it would not be inflation for Federal Reserve banks to invest in open market an amount equal to capital and surplus, which was originally withdrawn from the market.

April 119, 1923. 90

Dr. Miller said the uncontrolled issue of F.R. notes was primary cause of inflation in U.S.

May 10, 1923. 114, 115

International Peace

See - Carnegie Foundation

International Trust Company

Gov. Harding said he used direct control over rediscounts of, which, as a result, fell off $500,000 in one day.

Mary 26, 1923. 69

Iowa Farm Bureau Federation

James, G.

Takes oath of office as member of Federal Reserve Board

May 15, 1923. 119

Votes for branch bank resolution of Nov. 7, 1922. 178

James, O. connection with branch bank resolution

Tells C.S.H. that, although he has always been a Democrat he voted for President Harding.

May 15, 1923. 119

Express doubt as to Cuban Agency.

May 23, 1923. 125

Votes with C.S.H. to permit Bank of Italy or auxiliary corporation to buy a bank in precarious condition at Ontario, Lost

May 25, 1923. 128
James, G. (Cont.)

Moves that a Board committee of 3 be appointed to draft a resolution designating both Boston and Atlanta for Cuban Agency. Passed. May 29, 1923. 140

James reports such a resolution, which was tentatively adopted. June 1, 1923. 140

Moves to authorize construction of F.R. branch building at Little Rock. June 12, 1923. 151

James pointed out that building operations had materially dwindled since Board's circular. 151

Votes against laying on table. 152

Votes similarly on C.H.'s action as to branch building in Salt Lake City. 152

Initials proposed Cuban Agency resolution. June 27, 1923. 157

Opposes granting permission for branches at Porterville and Long Beach. July 31, 1923. 159

Reports against above applications under a resolution. August 5, 1923. 160

Votes for report rejecting both. Aug. 2, 1923. 161

Consents ungraciously to postpone branch bank resolution. Oct. 31, 1923. 178

Votes for branch bank resolution of Nov. 7, 1923. 178

Miller very angry with James for charging filibustering in connection with branch bank resolution. Nov. 7, 1923. 179

Votes for branch bank at Porterville. Nov. 22, 1923. 179

Explains vote on ground that resolution did not take effect until Feb. 1, 1924. Nov. 22, 1923. 180

Reports in favor of increasing Wyatt's salary to $10,000 without consulting law committee. Evidently Wyatt has been consulting James behind our backs. Dec. 11, 1923. 186

Really James is giving Wyatt a reward for egging on the majority for restriction of state bank branches. 187
James, G. (Cont.)

Votes against approval, in principle, of a Federal Reserve Board pension plan. Dec. 7, 1923. 188

Votes against Dawes motion to reconsider. Dec. 7, 1923. 188

Votes favoring permitting Federal Reserve banks to have their pension bill introduced in Congress, without committing Board to any endorsement. Dec. 7, 1923. 188

Votes against C.S.H. motion increasing general principle of a carefully guarded pension plan. Dec. 13, 1923. 189

Votes against C.S.H. motion that Board will not object to Governors having pension plan introduced in Congress. Dec. 13, 1923. 189

Bitterly objects to having pension bill referred to his committee, as the committee would be bound by resolution approving the general principle of a pension bill just passed. Dec. 13, 1923. 190

Accuses Bank of Italy of breaking its agreement with Board not to buy over 20% of the stock of any bank without its consent. Dec. 17, 1923. 190

Votes against dropping Beach and Santa Maria branches. Dec. 17, 1923. 191

Votes against increasing F.R. Agent Curtiss' salary from $18,000 to $20,000. Dec. 19, 1923. 192

Reports in favor of dropping Bradley from Counsel's office. Dec. 19, 1923. 192

Board, at C.S.H.'s request, referred matter to Law Committee which James had never consulted. Law Committee reported, reducing him to $1800.

James agreed to this.

On Miller's motion, majority voted to drop Bradley June 1, 1924.

James voted to drop him. Dec. 20, 1923. 193, 193

Cunningham tells C.S.H. he will move to reconsider and James agrees to $1800. 193, 194

At special meeting both Cunningham and James deny having said this.
James, G. (Cont.)

Gov. Crissinger told James he heard him say yesterday he would vote.

James said yes and I am willing to now.

James thereupon voted No! on Platt's motion to give Bradley $1800.

Dec. 21, 1923. 196

James told C.S.H. and Platt that he favored increasing F.R. Agent Curtiss's salary to $20,000 but voted with Miller and defeated it! 198

Jay, Pierre

Presents resolution at Joint Conference, which - after recalling that the F.R. banks were now caring for seasonal and emergency requirements of member banks, - recited that it should be their policy to provide all necessary credit extension but to see that it does not degenerate into credit inflation. Passed.

Oct. 13, 1923. 8

Mitchell says Jay told a friend of his that he, Mitchell, was not competent, nor was Platt, to be Governor of the F.R. Board.

Dec. 16, 1923. 24

Joint Conference 1

See - Discount rates.

Dividends and expenses

Open market operations

Jones, Andreas, Senator

C.S.H. and H.P.H. dine Ath. Feb. 23, 1923. 53

See - Harding, President

Keith’s theatre

C.S.H. goes to, with President Wilson.

Sept. 18, 1923. 169, 170

Kell

Urges quick action on Class C Director, at Dallas.

Feb. 21, 1923. 49
Kellogg, Senator
Gov. Harding says Mitchell is alienated from Sen. Kellogg's vote because of his work in behalf of a dirt farmer on Federal Reserve Board, and for his bonus vote; that Mitchell said he could not vote for him and is glad he was defeated; that his active was to catch votes to curry favor.
Dec. 28, 1923.

Kendrick, Senator
Attends C.S.H dinner to Baldwin, Chancellor of the Exchequer.
Jan. 15, 1923.

King, Senator
Says he is prepared to join Sen. Cousins in talking against time to defeat McNary for Comptroller.
Mar. 3, 1923.

Knight
President Harding complains to Mitchell decal se F.R. Board appointed Knight Class C Director at Cleveland fully knowing that he (President Harding) had promised it to Senens.
Apr. 28, 1923.

Lane (Federal Advisory Council)
123, 124, 127, 128, 129, 136, 140
See - Cuban Pancy

Lane, Secretary
Wilson tells H.P.H. that the letters of Franklin Lane, published by Mrs. Lane were like a bolt from the blue to Mr. Wilson, and that he said that Mrs. Lane must have greatly needed the money she got for publishing them.
Nov. 24, 1922.

League of Nations
Mrs. Pepper says Senator Pepper is changing his views towards the League of Nations and feels that it is doing good work along the lines of international public health and similar subjects, where it has no power, but is confined to recommendations.
March 4, 1923.

See - Pepper

Leffingwell
Judge Clarke and President Lowell of Harvard speak at Washington on.
May 23, 1923.

Mr. Wilson tells C.S.H. that the League of Nations should unquestionably be the predominant issue in the coming campaign.
Oct. 31, 1923.
League of Nations (Cont.)

C.S.H. tells Mrs. Wilson how pleased he was at Mr. Wilson's radio message and his references to the League of Nations; that it was good for the politicians and especially for McAdoo, as it would show him he must come out unequivocally for the League. Nov. 21, 1923. 180

Mrs. Wilson said she and Mr. Wilson felt the same way. 180

Mrs. Wilson said she had discussed the matter with McAdoo who said he believed in the League and had come out for it years ago, but doubted the expediency of putting it forward prominently in the coming campaign.

Nov. 21, 1923. 180

See—McAdoo

Mrs. Wilson spoke very kindly of Gov. Cox for his courage as to the League, saying he had maintained this course since his interview with Mr. Wilson in the White House in the 1920 campaign. 181

C.S.H. believes Wilson is opposed to McAdoo because he does not trust him on the League. 181

Mr. Wilson tells C.S.H. he shall come out openly against any Democratic candidate who failed unequivocally to come out for the League. Nov. 25, 1923. 183

Vice President Marshall said he had arranged with Lord Grey to get the British Govt. to announce that it would accept the Lodge reservations to the Versailles Treaty on the League, and that he tried to make an appointment with Wilson to induce him to say that if the Senate ratified the Treaty with the reservations he would send it to Great Britain and not pigeon hole it, but he could not get an appointment with him. Dec. 5, 1923. 184, 185

Lee House

H.R.W. moves from the Lee House to 919 Farragut Square. Dec. 5, 1923. 186

C.S.H. moves from the Cosmos Club. Dec. 10, 1923. 186

Leffingwell, Russell

President Harding was angry because F.R. Board would not appoint Leffingwell a Class C Director of Federal Reserve Bank of New York; as a fact, Sec. Mellon and the whole Board would have been glad to appoint him, and C.S.H. especially as an antedote to Gov. Strong, but Leffingwell himself withdrew his name as he was counsel for several banks and did not wish to sever his connection with them as he would have had to do if appointed. April 28, 1923. 98
Controversy with Under Secretary Gilbert as to power of Farm Loan Board to issue circulars without the approval of the Secretary of the Treasury.

March 27, 1923. 70, 71, 72, 73

Lodge, Senator

Admiral Niblack very bitter against Lodge for his statement in the campaign that the U.S. should have declared war against Turkey. Nov. 10, 1923. 9

Mr. Wilson tells C.S.H. he is very glad Lodge has been stripped of his power by the narrowness of his re-election as Senator; that it was better to be dead than to be alive and feel dead. Dec. 27, 1922. 30

Senator Walsh of Mass. very bitter against Gaston because he refused to take issue with Lodge against the reduction of income taxes on large incomes. Jan. 1, 1923. 36

Lodge tells Gov. Harding he will back Boston to the finish for the Cuban Agency. May 23, 1923. 128

Gov. Crissinger and Platt feel that C.S.H. should see Lodge as to Cuban Agency, in view of Gov. Harding's talk with him. May 26, 1923. 139

C.S.H. has talk over telephone with Sen. Lodge as to Cuban agency. May 29, 1923. 141, 142, 143
Lowell, President of Harvard University
Speaks on L. of N. in Washington.
May 23, 1923. 129

Lowell, Master of National Grange
Attends lunch given by C.S.H. Feb. 28, 1923. 54

May. Marshall told C.S.H. that Senator had been
asked C.S.H. to pay attention for full particulars.

 Majority vote.
C.S.H. and Platt insist on Board stating that resolution on branch
banks was passed by a majority vote.
Aug. 2, 1923. 161

 Marshall, Vice President
Dines with C.S.H. and H.P.H. Nov. 30, 1922. 11

Tells C.S.H. he wrote to President Harding about Federal Reserve
Agent Heath, of Chicago, but stating in the letter that of
course the President would not interfere with appointments
which the Federal Reserve Act provides that the Federal
Reserve Board shall make. Jan. 2, 1923. 35

C.S.H. and H.P.H. dine with Ex-Senator and Mrs. Salisbury and meet
Mr. and Mrs. Marshall there.

While smoking after dinner, Marshall said he had not called on
Wilson since he left the White House as he did not want the
humiliation of being turned down and refused admittance.

C.S.H. said he felt sure he would be received if he asked for an
appointment.

(Mrs. Wilson once told H.P.H. they could not understand why
Mr. and Mrs. Marshall had never called, but he did not say this
to Marshall.)

Marshall said he tried three times to see Wilson in the White House,
but without success.

Marshall explained this by saying that he had arranged with Lord
George to have the British Govt. announce that it would accept
the Lodge reservations to the League of Nations, and that he
tried to get an appointment with Wilson to induce him to agree
that if the Senate should ratify the Treaty with these
reservations, he would send it to St. Britain and not pigeon hole it.
Marshall was evidently working at cross purposes with Wilson, and as Wilson had decided not to accept these reservations, it is easy to understand why Wilson, who it must be supposed, knew of this negotiation, would not care to discuss it with him.

Dec. 5, 1923. 184, 185

Senator Saulsbury said he had prepared a concurrent resolution providing that, because of the disability of Wilson, all bills etc. passed by Congress should be sent for signature to Marshall as Acting President, but that Marshall refused to agree to this.

Dec. 5, 1923. 186

Mrs. Marshall told C.S.H. that McAdoo was a dishonest man and referred C.S.H. to her husband for full particulars.

She further said that when McAdoo went west with his family he travelled on a private car arranged for by the Railroad administration by antedating the order.

Dec. 5, 1923. 183, 186

Mattapoisett

Mrs. Wilson and Mrs. Admiral Helm visit H.P.H. at Mattapoisett.

August 26, 1923. 183

See - Wilson

McAdoo, Mrs. William G.

Tells Mrs. Wilson with tears in her eyes not to believe all she hears about Mr. McAdoo and herself. Insists that McAdoo came out for League of Nations years ago and that there is no necessity for his doing it again now.

Nov. 21, 1923. 181

McAdoo, William G.

Calls on C.S.H. with Mr. McLean, formerly of War Finance Corporation.

Talks about Board's apparent desire to crush the Bank of Italy.

Discusses Yuba City application.

Denies necessity for simultaneous examinations of state parent bank and branches.

Denied that Bank of Italy was trying to monopolise credit at Yuba City.

C.S.H. asked him to come before full Board and discuss these matters.

McAdoo said he had no time and it would be of no use anyway.
McAdoo, William G. (Cont.)

C.S.H. said he would arrange a meeting of the Board at any time, but he evidently did not want this.

McAdoo was in C.S.H.'s office hardly more than two minutes and would not even sit down. Jan. 17, 1923. 38, 39.

McAdoo wires that if Bckad will approve purchase of El Centro bank he will agree that Board thereby will not be committed in any way as to whether in future it will be admitted as a branch.

C.S.H. moved to consent on above condition.

Defeated.

Aye - C.S.H., Platt

No - Crissinger, Miller

Findley voted to wire McAdoo that Board's adverse decision stood unchanged. April 10, 1923. 63

McAdoo, years ago, wanted F.R. Bank agencies established in South American countries. 108

McAdoo appeared before Board. May 18, 1923. 119

McAdoo hearing lasted from 10:30 a.m. to 1:30 p.m.

McAdoo complained of Board's decision in Sacramento and Yuba City cases.

Board had declined Sacramento as being outside of sphere of influence.

Board had declined Yuba City

(a) Perrin's disapproval

(b) Statement of Crissinger that he had a telegram satisfying him that the Bank of Italy was intending to crush the National Bank.

McAdoo claimed:

Board is bound by certificate of the State Banking Commissioner as to public necessity and advantage. 119

In passing upon application, Board can consider only whether taking over the branch will impair the condition of the parent bank. 119, 120.

Board has no power to divide state into zones or spheres of influence.
McAdoo, William G. (Cont.)

McAdoo claimed: (Cont.)

The Board has discriminated against Bank of Italy in giving so many local agencies to Los Angeles banks.

McAdoo pointed out that these local agencies are really branches. 119, 120.

McAdoo meets C.S.H. at Cosmos Club.

Indignant at discrimination against Bank of Italy.

Tells C.S.H. he is "coming back to Washington."

Said that many were opposing him, but, by God! he had made up his mind to come back!

Said that when he did "come back" he would remove some of the Federal Reserve Board for this discrimination.

C.S.H. said no member intended to discriminate against the Bank of Italy.

McAdoo finally did not deny this, but said it was discrimination in law, if not in intent.

McAdoo referred to Crissinger as discriminating.

C.S.H. pointed out that Crissinger as Comptroller thought in terms of national banks, but now that he was an appointive member and Governor, he represented the whole Federal Reserve system - state banks as well as national banks.

C.S.H. said he hoped and believed that Crissinger would fairly represent both. 120, 121

McAdoo and Elliott came before Board. May 22, 1923. 125
McAdoo, William G. (Cont.)

Asked permission for Bank of Italy or auxiliary committee to purchase a bank at Ontario which was in a precarious condition.

Board at first rejected it but finally allowed it. 126, 127

See - Branches

McAdoo wires Board for reasons for its rejection of branches at Yuba City and Sacramento.

Platt moved to reconsider Sacramento.

Defeated. 143

See - Branches

C.S.H. reported a draft of letter to McAdoo as to reasons for original rejection of Yuba City and Sacramento. Objected to.

143, 144

See - Branches

C.S.H. tells Mrs. Wilson that President Wilson’s radio message should convince McAdoo that he must come out for the League of Nations; she added, he and Mr. Wilson felt the same.

Nov. 21, 1923. 180

Mrs. Wilson said she had talked over the League of Nations with McAdoo, who said he believed in it and had come out for it years ago, but doubted the expediency of putting it forward prominently in the coming campaign. Nov. 21, 1923. 180

McAdoo said to Mrs. Wilson that if the Democrats had cut the draft of the Federal Reserve Act in their platform, it never could have been passed, etc. etc. 161

Mrs. Wilson said Mrs. McAdoo and she had often talked over the League of Nations and the necessity for McAdoo to come out for it, but Mrs. McAdoo would only say, he did come out for it years ago. 151

Mrs. McAdoo, with tears in her eyes, begged Mrs. Wilson not to believe the things you hear of Mac and herself. 161

C.S.H. firmly believes Mr. Wilson is against McAdoo’s nomination because he does not trust him on the League of Nations.

Nov. 21, 1923. 161

Wilson tells C.S.H. he shall come out openly against any Democratic candidate who fails to come out unequivocally for the League of Nations. Nov. 25, 1923. 183
McAdoo, William G. (Cont.)

Mrs. Marshall says McAdoo is a dishonest man and refers C.S.H. to her husband for particulars.

Dec. 5, 1923. 186

Mrs. Marshall says that when McAdoo went west with his family he travelled on a private car furnished by the Railroad administration by an order which was unauthorized.

Dec. 5, 1923. 186

McAdoo advised Bank of Italy that it could buy stock in other banks through the stockholders auxiliary corporation or the Bancitaly corporation, without regard to its agreement with the Federal Reserve Board not to purchase over 20% etc., without the consent of the Board, as these latter corporations had no legal connection with the Bank of Italy.

Dec. 17, 1923. 190

C.S.H. first felt that while McAdoo might be technically right, yet that there was a breach of good faith.

Later C.S.H. learned that all of these agreements of purchase were specifically made subject to the approval of the Federal Reserve Board, and feels that this fact may put a different complexion on the matter.

Dec. 17, 1923. 190, 191

McCord, Federal Reserve Agent.

99, 127, 129, 136, 140, 144, 145, 157

See— Cuban Agency

Tells C.S.H. the Atlanta papers are all saying that although he comes from Boston, they will agree in advance to have him given authority to settle the Cuban Agency question.

May 24, 1923. 199

McDougal, Gov.

Votes for 3% reserve against special savings accounts.

March 27, 1923. 76

See— Discount rates

Federal Reserve Bank of Chicago

McElroy, Prof.

Mr. Wilson says he does not care to read the life of Cleveland, as from what he knows of McElroy, he is sure it will not be well done. Dec. 4, 1923. 184

Digitized for FRASER
http://fraser.stlouisfed.org
Federal Reserve Bank of St. Louis
McGarrah, Gates
Opposes Cuban Agency May 7, 1923. 103, 107, 109

McIntire, General
Dr. Willis says Gen. McIntire is an able, faithful official and has managed Philippine matters well; that he may be a little hesitant in acting, but this is probably because he had to obtain approval from the War Department for all of his orders; that he believed firmly that Gen. Wood wanted him ousted and was intriguing to this end; that a resolution was offered at a meeting of the Philippine Chamber of Commerce in New York censuring Gen. McIntire which Willis believes was instigated by Gen. Wood.

Dr. Willis said that perhaps Gen. McIntire had done some things open to criticism in the management of the Reserve funds, but that the whole trouble started with Forbes who, when Governor General, used some of this money to build roads.

April 26, 1923. 91

McLean, War Finance Board
Calls on C.S.H. Jan. 17, 1923. 38

McLean, Edward
Prints in Washington Post a list seized from a bootlegger, but omits his own name, that of Sen. Weeks, and, as learned by a friend in the State Department, that of President Harding.

Mar. 14, 1923. 62

McLean, Senator, Connecticut
Votes against confirmation of McNary in committee.

March 3, 1923. 65

McNary
President Harding nominates McNary of New Mexico for Controller of Currency. Jan. 12, 1923. 37

Senator Reed of Pa. at dinner at Mr. Lansing's, tells C.S.H. that charges had been filed against McNary to effect that in addition to borrowing from his bank in Las Vegas up to the full 10% limit, he had borrowed on notes of office boys, stenographers, etc. etc.; that a sub-committee of investigation had been appointed. Jan. 20, 1923. 39

Hagerman of New Mexico, tells C.S.H. that he knew McNary well; that he was a very agreeable man with an interesting wife; that he got his start from his father-in-law, a very rich man; that he was really a resident of New Mexico, his residence in Texas being for "summer" or "political" purposes.
McNary (Cont.)

that he was very prominent in politics and a very liberal campaign contributor; that he was anxious to obtain some position in Washington, and had been a candidate for Assistant Secretary of War; that Gen. Pershing knew him in France and liked him very much.

Hagerman also said he was hardly up to the position of Comptroller.

Jan. 21, 1923. 40

Mitchell says McNary is strongly for Collier for Federal Reserve Agent at Dallas. Jan. 24, 1923. 41

Gov. Crissinger tells C.S.H. it is being rumored that C.S.H. is opposing McNary's confirmation.

C.S.H. absolutely denies this. Jan. 30, 1923. 44

Hagerman, sick with Grippe, calls up C.S.H. and asks if McNary has been confirmed, asks C.S.H. if he has met McNary.

C.S.H. said yes, and that he liked him personally and hoped the charges against him, of which he knew no details, would be disproved and that he would be confirmed.

Hagerman said he had spoken to several Senators in his behalf.

Jan. 30, 1923. 44

C.S.H. tells Gov. Crissinger that no Democratic Senator had consulted him as to Mallory; that Sen. Reed of Pa. had once told him that charges had been filed against him, but he said this to C.S.H. without any question from him; that Sen. Glass also told him of the fact that charges had been filed; that C.S.H. had never expressed any opinion, favorable or unfavorable, and that he had no knowledge upon which to base any opinion as to the charges. Jan. 30, 1923. 45

President Harding told Sen. Calder that he would not sign Campbell's commission until McNary was confirmed. Dirty politics.

Feb. 9, 1923. 45

The papers announce that Senators Cousins, Pepper, and Hitchcock have informed the President that McNary can not be confirmed.

Feb. 9, 1923. 45

Sen. Chusen, dining at Mr. Wolcott's, tells C.S.H. that he had gone to President Harding with Sen. Pepper and Sen. Hitchcock and told him that they had examined into the charges against
McNary (Cont.)

McNary said he regarded McNary as an audit man, but that he held
McNary until that he could not be confirmed; that President
Harding said he should insist on a vote, but that there was
no occasion for haste.

Sen. Couzens intimated that President Harding will give McNary a
recess appointment if he is not rejected by the Senate.

Sen. Couzens also said that President Harding was holding back
Campbell's appointment to bring pressure for McNary.

Feb. 10, 1923. 46

C.S.H. and H.P.H. call on Mr. and Mrs. McNary at Chevy Chase
(Mrs. Corbin's house) but they were not at home.

Feb. 11, Sunday, 1923. 46

Hegeman writes from Roswell, New Mexico, that most of the banks in
the state would like to have McNary confirmed as they like
him personally and would like to have the office held by a
western man; they all, however, believe the job requires a
big man. At this time, and that, perhaps, McNary is not quite
big enough calibre for it.

Hegeman added that, personally, he hopes McNary will be confirmed.
(See letter files) Feb. 12, 1923. 47

Gov. Cribbinger says McNary, if confirmed, will vote for Collier
for Federal Reserve Agent at Dallas; later he says he is not
sure how McNary will vote; he evidently believes that, being
a purely political matter, McNary will support the administration.

Feb. 23, 1923. 50

Sen. Calder tells C.S.H. that Sen. Couzens fought the confirmation
of McNary on the floor of the Senate, beginning to speak at 10 a.m.
and saying he should speak for 3 hours; that Sen. King said
that if Couzens did not use up all the time until adjournment,
he would; as a result the matter of confirmation was dropped.
March 3, 1923. 54, 55

The vote in the Senate committee was aye 6, no 5.

Those voting against confirmation in the Committee were-

Senators McLean (Rep.) Couzens (Re.) Glass (Dem.) Purnsley (Dem.)
and Hitchcock (Dem.)

Sen. Paige did not vote, but told Calder that, as a former
National Bank President, he felt McNary was not a fit man for
Comptroller.

Calder said he hardly thought President Harding would give McNary
a recess appointment.
McNary (Cont.)

Calder said he regarded McNary as an unfit man, but that he had promised the President, at his earnest solicitation, to vote for him.

Senator Pepper voted for McNary although shortly before he went with the sub-committee to President Harding stating that they could not vote for McNary. Now he reversed himself and voted for him.

See - Pepper

Sen. Glass speaks to C.S.H. contemptuously of Sen. Pepper's efforts to confirm McNary. Mar. 6, 1923. 58

See - Pepper


Percy Todd tells Ripley of Interstate Commerce Commission that J. P. Morgan and Co. had a special account on their books with Mellon while he was President, and that they gave Mellon 10% of the difference between what the railroad got for bond issues and the price at which Morgan & Co. placed that bond on the market.

Todd told C.S.H. of this some years ago in Boston. May 24, 1923. 139
Mellon, Sec. of Treasury (Cont.)

Mellon favors increase of discount rates at New York and Boston from 4 to 4.5%, but can not come to meeting because of engagement with the President.

Feb. 21, 1923. 40

Sec. Mellon tells Platt that he favors lowering the reserve requirements of two St. Louis banks but did not want to oppose Grissinger who was against it.

The motion to lower failed because of lack of 5 affirmative votes.

Feb. 21, 1923. 50

Attends lunch of C.S.H. to executive officers of National Grange.

Feb. 28, 1923. 54

C.S.H. believes Mellon will have to do more than give to the President arbitrarily.

Sec. Mellon tells Gov. Harding that he fears the Federal Reserve Bank of New York will object to giving Boston the Cuban Agency.

New Gov. H. tells Mellon that New York should not have everything.

Mellon said there was strong opposition to the administration in New England and that he favored giving Boston the Cuban Agency.

Mar. 9, 1923. 60, 61

Attends Board meeting to pass on Chicago application to increase discount rates to 5%.

April 9, 1923. 81

Platt writes Mellon as to great falling off in open market purchases of Govt. securities by F.R. banks; recommends a minimum of 153 million and a maximum of 250 million. Says capital and market surplus of F.R. banks is 237 millions, all originally withdrawn from the market, and that this sum in purchases is not inflation.

April 20, 1923. 95, 96

Wanted to appoint Leftingwell as Class C Director at New York, but L. decided he did not want it.

April 28, 1923. 98

Favors Cuban Agency. May 6, 1923. 110

C.S.H. tells him of appointment of Cunningham on F.R. Board; he is perfectly pleased; asks who he is; says he has only a vague recollection that he may have been a candidate.

May 8, 1923. 111

Strongly favors Boston for Cuban Agency. May 9, 1923. 112
Mellon, Secretary of the Treasury (Cont.)

James says Sec. Mellon should be present when resolution on branch banks comes up. Oct. 31, 1923. 178

Says he can not attend and asks Board to consider branch bank resolution without him. Nov. 7, 1923. 178

C.S.H. believes he could have convinced Mellon that the resolution was wrong, had he attended the meeting. Nov. 7, 1923. 179

Strongly favors F.R. pension plan. Dec. 13, 1923. 190

C.S.H. believes Mellon must have induced Gov. Crissinger to change his vote and approve the plan. Dec. 13, 1923. 190

Menal

Admiral Niblack says Admiral Bristol was the senior diplomat in Greece and Turkey and held the Turkish leader, Menal, in the hollow of his hand; that the U.S. was now sending a supply ship through the Straits with supplies for the Russians and that Menal would let the ship go through, holding her up, perhaps, for some sake, for a few days; that not having declared war against Turkey we had a right to demand this. Nov. 10, 1923. 9, 10.

Metropolitan area, Los Angeles. 34

Meyer, Eugene

Attends C.S.H. lunch to Executive officers of National Grange. Feb. 28, 1923. 54

Miller, Dr. Adolph

Points out that many California concerns borrow in New York rather than in California. Dec. 5, 1923. 17

Quotes Federal Reserve Agent Perrin as saying that the Bank of Italy has been managed in a careful conservative manner. Dec. 5, 1923. 17

Moves to reconsider question of reserve against special savings accounts but on reconsideration votes for a 10% reserve. Dec. 6, 1923. 17, 18.
Dr. Adolph (Cont.)

Moves that Federal Reserve banks be authorized to purchase in open market domestic acceptances covering stored, readily marketable, staple agricultural products, secured by warehouse receipts, during life of the acceptance, up to six months maturity, following the analogy of import and export acceptances.

Dec. 12, 1922.

Moves that the paper of cooperative marketing associations, the proceeds of which are used or to be used for advancing to members against agricultural products delivered to such associations be classified as agricultural paper.

Dec. 13, 1922.

Above was voted subject to opinion of Counsel.

Board did this so that Miller could use it in his address before a Farmers Association on Friday, and because we would have no quorum later as Crissinger was to be away.

Dec. 13, 1922.

Counsel reported that, as at present advised, such paper was not agricultural paper, although on subsequent study he might reach a different conclusion.

Miller had our vote read which, as put in record, said that Board unanimously voted to classify such paper as agricultural paper, subject only to the proper wording of the vote by Counsel.

C.S.H. said this was not correct, and he would so state at the next meeting.

Platt said he would move to reconsider at the next meeting to clear up the matter.

Dec. 14, 1922.

Gov. Harding tells C.S.H. that Miller is a stockholder in the New York Corporation, not a banking concern, which has offered him the Presidency.

Dec. 30, 1922.

Miller says proposed increase in discount rates at New York from 4 to 4 1/2% seems warranted.

Feb. 3, 1923.

Miller said the similar increase asked for by Boston, although he did not express any disapproval, should be postponed until Congress adjourned, as Congress would probably attack the Board because of it.

Miller thereupon moved to table it and Crissinger voted with him, but the others defeated it.

The main motion being put, Miller and Crissinger voted No and the others Aye, and it was carried.

Feb. 21, 1923.
Miller, Dr. Adolph (Cont.)

Miller raises all sorts of objections to Talley as Federal Reserve Agent of Dallas, evidently seeking to curry favor with Crissinger who wanted Collier.

Postponed until afternoon, but Miller said he could not come.

C.S.H. asked Miller to record his vote now, if he could not attend in afternoon.

Miller said he did not know how he would vote, if present in the afternoon.

Miller said later that, as between Collier and Talley he would have to vote for Talley. Adjourned. Feb. 23, 1923. 50

Committee reports in favor of Talley. Feb. 24, 1923. 51

Robinson, the Los Angeles banker, and friend of Miller, endorsed Talley, and many others. 51

Miller still wobbled and finally said the committee had not done its work properly, which made Platt and Mitchell very angry. 52

Talley was finally elected, Miller voting for him, and Crissinger alone voting No. Feb. 24, 1923. 53

Gov. Harding tells C.S.H. he has gone over the Cuban agency matter with Miller who approved it. March 9, 1923. 59

Voted against approving construction of Little Rock branch bank building: Mar. 16, 1923. 63

C.S.H. believes Miller was influenced by fact that he originally opposed the Little Rock branch in 1912. 63

Votes in favor of suspending all branch bank construction because of excessively high prices of building materials. Mar. 19, 1923. 64

Miller offers a resolution expressing policy of the Board as to suspension. Mar. 19, 1923. 64

Miller mildly deprecates a resolution of Campbell giving as a reason for suspension the disparity between prices of agricultural and manufactured products. 65

Campbell finally withdraws his resolution and votes for Miller's. Mar. 19, 1923. 65
Dr. Adolph Miller discusses his plan for separate reserve ratio against deposits and Federal Reserve notes at a dinner to Governors, Mar. 26, 1923. 68

Miller vehemently objected to suggestion of Governors that the Board put a foot note on the weekly statements that the Federal Reserve system holds one billion of gold really in trust to pay it back to Europe, perhaps at no distant day, and that the gold reserves are really smaller than they seemed to be. March 27, 1923. 78, 79

Miller urged a separation of reserves against deposits and F.R. notes. 79

Gov. Harding predicted that this would startle the public. Miller said it would and practically withdrew his suggestion. 79

Miller had been pressing this for some time and had about convinced C.S.E. that it might well be done, but the minute the plan was attacked, he apparently, lost cold feet just as he did years ago. Mar. 27, 1923. 79

Votes against C.S.E.'s motion to strike from the preamble of the circular as to open market operations the part asserting Board's power to fix the amount. April 3, 1923. 79

Board considered again the splitting up of discount and Federal Reserve note reserves. April 4, 1923. 80

Miller attacked the policy of the Board as to issue of Federal Reserve notes; said that we had never imposed any limitation; that we had left the matter to the Federal Reserve agents who had pumped Federal Reserve notes into circulation with reckless disregard of all banking principles; that we had never refused an application; that the Governors and Directors were densely ignorant; that if he was a practical banker he would never think of joining the Federal Reserve System as at present constituted, etc. etc.

Miller did not seem to realize that he was indicting himself more than his associates by this attack.

C.S.E. will answer him in detail later, and so stated to him. April 4, 1923. 80, 81. (See also 114, 115, 116)

Board considered Chicago application to increase discount rate to 5%
Miller, Dr. Adolph C. (Cont.)

Miller offered a resolution that Federal Reserve banks, before increasing discount rates, should liquidate their holdings of Govt. securities and allow their holdings of acceptances to run off and increase their buying rates.

The Board voted for the resolution C.S.H. voting No. 4 April 7, 1923. 52, 82

Votes against purchase of bank at El Centro, by Bank of Italy.
April 10, 1923. 83

Miller claims that the vote against reconsideration of El Centro application denied affirmatively the policy of spheres of influence, coming, etc. C.S.H. and Platt denied this.
April 10, 1923. 84

C.S.H. objected to withdrawing from the market as to acceptances, as these represented commercial transactions.

Miller said many speculative transactions have been floated by means of acceptances. April 19, 1923. 86

C.S.H. said Miller and others of the Board were favoring withdrawing money from the market by disposing of Govt. securities and acceptances as an excuse to avoid increasing discount rates.
April 12, 1923. 86

C.S.H. said Miller was deliberately creating a condition of tighter money which would necessitate raising of rates in the near future. 87

C.S.H. asked Miller why the Treasury is so desirous of leaving the Federal Reserve banks withholding money from the market by selling holdings of Govt. securities.

Miller said that the purchase of Govt. securities by Federal Reserve banks poured money into the market and disturbed it, and made it difficult for the Treasury to determine what rate should be put on Treasury certificates to float them; that the last issue was now below par.
April 12, 1923. 87

Miller says the power to buy acceptances to be given to the Federal Reserve Agency in Cuba should be restricted to eligible, prime bankers acceptances secured by shipping documents.

The Board agreed to this, and asked Miller to read the draft to Gov. Case in New York. April 30, 1923. 103

Miller read the draft to Case who thought it very satisfactory, without waiving his objections to an agency.
May 1, 1923. 103
Miller, Dr. Adolph (Cont.)

Miller reads to Case, draft prepared by C.S.H. and Counsel putting in the right to buy and sell cable transfers as an implied power growing out of the right to buy and sell bankers’ acceptances. May 8, 1923. 103

Case told Miller that McEllinah wanted power given to the agency to buy secured bills before their acceptance. 103

Board takes up question of reserves against special savings deposits.

C.S.H. moved reconsideration of decision that 10% reserve is required.

Miller voted in favor of reconsideration. May 3, 1923. 105

Miller said he favored the decision rendered Dec. 6, 1923, and voted for reconsideration merely to give Platt the opportunity of putting the ruling into proper form. 105

C.S.H. and Gov. Griswold explained to Miller that no reconsideration was necessary for this purpose, but he would not change his vote. May 3, 1923. 105

Miller says real reason for Federal Reserve banks rediscounting is to obtain Federal Reserve notes that the Board had relinquished its control over Federal Reserve notes and relinquished it to the Federal Reserve banks, without exercising the faintest restraint; that the Board, all these years, had acted in a shamefully negligent manner; that the inflation was caused primarily by the unrestrained issue of Federal Reserve notes. May 10, 1923. 114

C.S.H. said he would reply later to this wholly unwarranted attack on part members of the Board. 114

C.S.H. thinks Miller must be crazy.

Miller thoroughly approved the letter of Gov. Harding to the Chairman of the Banking and Currency Committee dated Aug. 8, 1919, stating that the increased volume of Federal Reserve notes in circulation was the effect and not the cause of advancing wages and prices.

Voting Archives: See - 6 Federal Reserve Bulletin 763

6 5 113

May 16, 1923. 115

Miller says: See also Miller’s address at Chicago Sept. 25, 1919. 116

Board action: See also Secs. 80, 81

On Cuban agency hearing, Miller said if it were only a question of Federal Reserve currency he would vote that Atlanta should be designated; if it were only a matter of banking such as purchase of bills, etc., Boston should clearly be
Miller, Dr. Adolph (Cont.)

designated; that he looked upon the banking functions as
the principal ones, and that Boston should clearly be
designated, preserving, however, Atlanta's status as to
Federal Reserve notes.

May 16, 1923. 117, 118

At the meeting of Federal Reserve Board with Federal Advisory Council,
Miller at first took the view that the Council had no
authority to call upon the Board for a report as to the Cuban
agency. May 25, 1923. 122

Miller said Land's statement that the Board would be attacked in
Congress if it did not designate Atlanta, was blackmail.
133, 124.

Miller moved that permission be granted to Bank of Italy to buy a
bank at Ontario, in precarious condition, but to give notice
that it could not be operated as a branch.

May 22, 1923. 126

C.S.H. moved to grant application on ground of emergency, saying
nothing about a branch. Miller voted against this. 126

Finally it was voted to permit the purchase on condition that the
Bank of Italy and state bank Superintendent agreed that it
should not serve as a precedent. 127

C.S.H. wanted to approve it as a branch, but Miller objected. 127

All agreed that if branch were later applied for, it would be
granted. 127

Miller wants more information as to scope of proposed agency in Cuba.

Miller says reply to McAdoo as to branch at Sacramento should be that
Board has no information that Bank commissioner gave a
certificate since the adoption of his new policy. 144

Votes against motion of Platt to reconsider application of Bank of
Italy for Sacramento. June 1, 1923. 145

Miller says reply to McAdoo as to branch at Sacramento should be that
Board has no information that Bank commissioner gave a
certificate since the adoption of his new policy. 144

Votes against informing Attorney General that Elliott wishes to file a
brief with him as to construction of Section 9, F.R. Act.
June 11, 1923. 148, 149
Miller, Dr. Adolph (Cont.)

Miller says no one should be allowed to file a brief. 149

C.S.H. asks if Miller fears Elliott will convince the Attorney General. 149

Miller intimates some member has improperly told Elliott the Board was to ask an opinion from Attorney General. 149

C.S.H. tells Miller the Board told Elliott of this, and Miller even suggested that he file a friendly suit.

June 11, 1923, 149, 154

Miller moves to reconsider Yuba City application, in view of Perrin's second report recommending it.

June 12, 1923, 150

Lost on the vote. 151

Miller says building prices will be higher in two months than now.

June 12, 1923, 152

Miller moves to table C.S.H. motion to approve construction of Little Rock branch building. June 13, 1923, 152

Miller votes to table C.S.H. motion to approve construction of Salt Lake City branch building. June 12, 1923, 152

Miller asks C.S.H. to add to C.S.H.'s telegram to Sen. Glass on clearing decision of U.S. Supreme Court, that he, Miller, regards it as a body blow at the Federal Reserve system.

June 12, 1923, 153

C.S.H. does this but adds that Platt and he differ from Miller.

June 12, 1923, 153

Miller begs Board to reconsider Yuba City refusal; that we had received adverse decision on Perrin's first report, which was adverse; that the Board asked Perrin to review his report, which he did; that now he reports that additional banking facilities are needed, that the national bank will not be crushed; that on the contrary, its President favors the branch; that our refusal will put the Board in a ridiculous position and lay us open to a charge of discrimination.

June 13, 1923, 153

No action taken. June 14, 1923, 153

Miller votes against final draft of operating agreement between Boston and Atlanta, designating both as to Cuban agency; that it will surely cause a row between both.

June 27, 1923, 157

(This is a direct vote against the Cuban agency)
Miller, Dr. Adolph (Cont.)

Miller objects to broadening the functions so as to permit the purchase of bills other than bankers acceptances; said such bills were trade bills which we would not permit. Federal reserve banks to purchase in U.S. June 27, 1923. 157, 158

Miller reads statement of Gov. Coss showing that most of the acceptances held by Boston and New York on Cuban exports were bankers acceptances. 158

Dawes asked Miller whether his negative vote meant that he was opposed to any agency by a Federal Reserve Bank in Cuba. 158

Miller equivocated at great length but finally admitted that he favored such an agency on general principles but was opposed to this draft, etc. etc. 158

Miller evidently knew the agency was sure to carry so he voted No. to appear conservative, and as C.S.H. believes, to please Warburg. 158

Miller opposes application of Pacific South west Savings and Trust Company for a branch at Porterville and application of Bank of Italy for Long Beach. July 31, 1923. 159

C.S.H. called up his resolution of April 10, 1923, to effect that the Board is bound by the certificate of the state banking department as to public necessity and that Board has no right to divide state into zones. July 31, 1923. 159, 160

Miller bitterly objects and moves reference to examination committee which was voted. 160

Miller moves that in view of the well-known opposition of two of the examination committee to granting these examinations, the matter be referred to said committee to report back reasons which would justify the Board in refusing these two applications.


Miller votes to reject both applications as reported by Committee. Aug. 2, 1923. 161

C.S.H. objects as it does not give the real reason for rejection.
Aller, Dr. Adolph (Cont.)

(In) the resolution reported by the committee be sent to Perrin. That was agreed to. Dr. Miller explained that he voted against the applications but also voted against the whereass in the resolution. (Examinations and branches are inconsistent with spirit of Federal Reserve Act.)

Wyatt tells C.S.H. that Dr. Miller offered to loan him $500 with which to buy an automobile. (See text of diary for comments.)

August - 1923. 163

Votes against branch bank resolution reported by committee. Nov. 7, 1923. 178

Miller was very angry with James because of his remark that Miller was filibustering on branch bank resolution. Nov. 7, 1923. 178

Board granted Porterville application of Pacific Southwest Savings & Trust Co.

Miller refused to vote and put in the record his reasons. Nov. 22, 1923. 179

Miller votes no objection to Governor's introducing their bill in Congress.

Miller votes for C.S.H. resolution favoring principle of a Federal Reserve pension plan, carefully guarded, for a limited class of employees. Dec. 7, 1923. 189

Dawes moves no objection to Governor's introducing their bill in Congress.

Miller votes No. 188

Miller votes for C.S.H. new resolution like the above. Passed. 189

Miller votes against resolution of C.S.H. exactly like Dawes. 189

Miller moves Governor's bill be referred to committee on salaries. Defeated. 189

Long Beach application rejected. The vote.

Miller refused to vote. Dec. 17, 1923. 191

Miller then moved to reconsider.
Dr. Adolph (Cont.)

Gov. C. ruled he could so move although he had refused to vote. Adjourned. Dec. 19, 1923. 191

Miller voted, on reconsideration, in favor of Long Beach and Watson City branches, which were approved. Dec. 16, 1923. 192

Miller also voted for the Santa Maria application which, however, was rejected. 193

C.S.H. thinks Miller's course in refusing to vote on Long Beach was extraordinary. 192

Miller votes against increasing F.R. Agent Curtis's salary to $20,000. Dec. 19, 1923. 192

The Board, led by Miller, voted to drop Bradley, of Counsel's office on June 1, 1924. Dec. 20, 1923. 190

Miller revels in lowering wages without regard to justice or mercy. 193

Miller opposes increase in salary of P.R. Agent Austin from $15,000 to $17,000. Dec. 19, 1923. 193

Miller says the investigations of the economy and efficiency committee have already shown that Austin is utterly unfit for his position. Dec. 19, 1923. 193

C.S.H. says he will withdraw his motion because of above statement of Miller. Dec. 19, 1923. 193

C.S.H. moves that Bradley be kept on rolls at $1800 and Platt joins him for Law Committee. Dec. 21, 1923. 194

Miller was bitterly offensive to C.S.H. and Platt, the Law Committee.

Miller said we were trying to carry along dead timber; that the report of the salaries committee was the most carefully made he had ever seen; that if the Board did not sustain it he should move to discharge all committees. 194, 195

Morrill said the influential bankers did not trust Curtiss and Miller voted against $1800 motion. 195

Miller's talk about dead wood reminds C.S.H. of Miller's chauffeur, Smithson, and his washerwoman, and Mrs. Button. (See diaries, Vol. 4, p. 98, 173, 176, 177, 178, 179, 180, 181)
Miller, Dr. Adolph (Cont.) 
Miller told Platt he should oppose any increase in salaries of F.R. Agents who would not agree in advance to carry out any recommendations of the Economy and Efficiency Committee as to cutting down and changing their monthly reports. 198

C.S.H. believes Miller induced James to vote against increasing F.R. Agent Curtis's salary. James had told C.S.H. he would vote in favor of this increase. 198

Mitchell, John, Federal Reserve Board 
Mitchell supports C.S.H. as to necessity of Federal Reserve banks earning expenses and dividends. Oct. 15, 1922. 7

Moves that the Portland, Seattle and Spokane branch banks be consolidated into one. Dec. 2, 1922. 18

Mitchell tells Board that while in Chicago, Mr. Mitchell of the Federal Advisory Council told him that Warburg and Rue had wired him that Gov. Harding had told them in New York that he had withdrawn his name from further consideration as a member of the Federal Reserve Board; that they urged him to push Mr. Walker, President of the First Trust Company of Chicago (Fergan's bank) for Governor; that he had also been told by some one (C.S.H. forgets who) that Warburg and Rue intimated that neither he (Mitchell) nor Platt were competent to be Governor, and that Federal Reserve Agent Jay, of New York, had expressed the same opinion.

Dec. 16, 1922. 24

Mitchell was very angry with Jay and said he would let him understand that he respected himself and Platt, even though Jay did not; that he was sorely tempted to write Jay, but he had told Gov. Strong what he thought of him, and Gov. S. would undoubtedly tell Jay. 24

Mitchell said the influential bankers did not trust Crissinger and were appalled at the base suggestion of his name as Governor. 24

Mitchell said it would be an affront on the part of President Harding to designate anyone as Governor over their heads. 24
Mitchell, John, Federal Reserve Board (Cont.)

Mitchell said if Crissinger were designated as Governor he would go to him and say he would support him loyally (Mitchell remained a member of the Board), meaning clearly, as C.S.H. believes, that he would at once resign.

Gov. Harding tells C.S.H. that Mitchell will resign within a week; that he was utterly disgusted with President Harding for his failure to reappoint Gov. Harding; that he had become alienated from Senator Kellogg for his work in putting a dirt farmer on the Federal Reserve Board, and for his bonus vote—all done to curry favor and catch votes; that he could not vote for him and was glad he was defeated.

Dec. 28, 1922.

Gov. Harding said Mitchell will resign before the January elections of bank officers, so as to be eligible for re-election as a bank officer by January, 1924.

Mitchell tells C.S.H. that at C.S.H.'s New Year's reception, Senator Pomerene asked him why President Harding would not reappoint Gov. Harding, and that he told him it was because of the refusal of the Board to appoint Constable as Class C Director at Kansas City; that Pomerene said he was absolutely amazed to learn this.


C.S.H. told Mitchell he had carefully avoided telling this to anyone, even to Vice President Marshall.

C.S.H. told Mitchell, that as a Democrat he had been scrupulously careful not to criticise the President.

C.S.H. feels Mitchell should not have told Pomerene of this.

Mitchell tells C.S.H., Platt, and Hoxton that Scobie, the Director of the U.S. Mint and Crissinger originally wanted Brewer, a National Bank Examiner appointed Federal Reserve Agent at Dallas; that he was the choice of all the Texas Republican politicians; that he (Mitchell) told them Brewer was hardly up to the job.

C.S.H. remembers that Brewer came from Marion, Ohio, had some lung trouble, and finally went to Texas. He came before our Board during the war or after in a hearing on cattle loans and made rather a poor impression on the Board.

Mitchell said the politicians then took up Collier, Vice President of a Texas bank; that McBay, nominated for Comptroller, was strongly for him.
Mitchell, John, Federal Reserve Board (Cont.)

Mitchell said Crissinger showed him a letter from President Harding stating that Creger, the Republican "boss" of Texas, had endorsed Collier and that his recommendation should be followed.

C.S.H. analysed the letters favoring Collier; practically every letter was addressed to the Comptroller of the Currency and not to the Board; several of them stated that the appointment would be purely political, and that Creger said Collier would shortly be appointed "as a Christmas gift!"

Mitchell told the Board that Collier's bank was over-officed and that the bank desired to rid itself of him by dumping him on the Federal Reserve System.

Collier's indorsements bore plain marks of a political drive and C.S.H. believes it was engineered by Crissinger.

Some of the letters indorsed Collier subject to previous indorsement for Talley.

Mitchell pointed out that the Directors of the Federal Reserve Bank, some of the Republicans, had unanimously indorsed Talley.

C.S.H. told Mitchell that former Assistant Secretary Dove called on him and said that Talley was the best man, and he said the same to Platt, to whom C.S.H. introduced him.

C.S.H. fears another political row, as in the Comstock case.

President Harding's letter, unlike that in the Comstock case, was not filed by Crissinger on the Board's files.

Jan. 24, 1923. 41, 42, 43.

Mitchell says President Harding told Sen. Calder that he would not sign Campbell's commission until McNary was confirmed.

Feb. 21, 1923. 49

Mitchell reads letter from Kell at Dallas urging quick action on Federal Reserve Agent at Dallas. Feb. 21, 1923. 49

Mitchell says President Harding told Sen. Calder that he would not sign Campbell's commission until McNary was confirmed.

Dirty politics. Feb. 9, 1923. 45

Mitchell reads letter from Kell at Dallas urging quick action on Federal Reserve Agent at Dallas. Feb. 21, 1923. 49

Mitchell says the choice is between Collier and Talley.

Voted that the committee, - Mitchell, Pratt and Crissinger, report on Friday as to the best man. 49

Judge Ball of Federal Advisory Council says Collier is a good fellow but that Talley is by all odds the best man; that he
Mitchell, John, Federal Reserve Board (Cont.)

had endorsed Talley but was told he had no chance and then
he wrote recommending Collier; that Talley's appointment would
eliminate politics; that "politics" was behind Collier; that
Talley had been told that if he would give credit to Creger
for his appointment, Creger would secure it for him, but that
Talley had declined.

Judge Wall said Talley was a Republican.
Feb. 21, 1923. 49, 50

Crissinger said he would vote for Collier, if confirmed; later said he did not know how McNary would
vote. He evidently, however, is sure McNary will support the
administration candidate.

We all felt Crissinger would insist on holding up the matter until
the new appointees had taken office, but he did not.
Feb. 23, 1923. 51

Mitchell reported for the committee that Collier was an estimable
gentleman but that his banking career was not conspicuous
for ability, and that the committee after careful investigation
were satisfied he was not fit for the job; that Talley,
barring some temperamental peculiarities, was first class,
and recommended Talley.

All voted for Talley except Crissinger who voted for Collier.

Miller voted finally for Talley but raised all sorts of objections
to him, to please Crissinger.

See - Miller, Feb. 24, 1923. 51

Mitchell says he is to resign from the Federal Reserve Board; he
put it primarily to the necessity of attending to his private
affairs, but spoke very freely of his disgust with President
Harding's political interference with the Board, especially as
to Omstock and Collier.

He said he would do nothing for the present but go west for a
month or so to attend to his personal matters.
March 13, 1923. 61

Mitchell said President Harding had accepted his resignation to
take effect May 15.
April 28, 1923. 97

Mitchell showed the Board a very flattering letter from President
Harding speaking of his distinguished service on the Board, etc.
Mitchell, John, Federal Reserve Board (Cont.)

Mitchell said he saw President Harding yesterday, C.S.H. thinks; that he said to Harding that he felt he had done some things on the Board which President Harding did not approve.

President Harding told Mitchell he had been greatly disturbed because our Board failed to carry out his recommendations, evidently thinking, or appearing to think, that he was the appointing power for the Board.

President Harding told Mitchell he had promised the Class C directorship at Cleveland to Mr. Mullins, while our Board appointed Mr. Knight in full knowledge of the President's wish.

President Harding also expressed to Mitchell his annoyance because our Board did not appoint Leffingwell as Class C Director at New York.

(The Board was seriously considering Leffingwell and C.S.H. wanted him appointed because he often differed from Gov. Strong, and C.S.H. thought that this would be a good thing, but Leffingwell decided he did not want to give up his position as Attorney for a number of banks, and therefore, withdrew his name.)

President Harding also spoke to Mitchell of his feeling against the Board for not appointing Comstock, although he admitted that Ford, whom we appointed, was a good man.

April 28, 1923.

Mitchell said to President Harding that the Board had not reappointed Wolfe of Cleveland because of his alleged attacks on Harding (circulating the negro rumor) and their knowledge that this would have been offensive to Harding.

President Harding said he would have felt very sorry, had our Board appointed Wolfe.

Mitchell said he thought Christian, President Harding's Secretary, had made Harding believe he had power to make all appointments in the Federal Reserve system, and that, in his opinion, Christian was a stinker.

Mitchell, National City Bank

Attends Cuba agency hearing. May 7, 1923. 107

Favors keeping Cuba supplied with our currency but opposed giving power to an agency to buy or sell cable transfers, bills, or acceptances, because it would mean a competition with member banks.
Mitchell, National City Bank (Cont.)

He was asked how the agency could compete with member banks, when all transactions of the agency must originate with banks, of their own volition and initiative. 107

He could not answer this, but vaguely intimated that if all transactions were limited to banks, or at least American banks, he might favor the agency. Later, after talking with Durell, his Cuban manager, he practically withdrew his objections and admitted that each agency would enable his bank to lower their reserves in Cuba from 25% (now carried) to 10%. He even said he might be willing to contribute to the expense of such an agency, if asked so to do. 108

Curtiss says he rode back on the Railroad with Mitchell who said he considered an agency absolutely necessary, but he did not care whether Boston or Atlanta should be designated; that he had favored Atlanta as to note issues because Atlanta had agreed to furnish him notes delivered in Cuba, absolutely free of charge, if it should be designated.

Curtiss said 1/8 of 1% should be charged. May 8, 1923. 110

Gov. Harding asks Board to revoke the agency given to Mitchell's bank, the National City, by the Federal Reserve Bank of New York. May 26, 1923. 132, 133, 134

Gov. Harding says in a memorandum that Mitchell favored Atlanta for the agency. May 26, 1923, 133, 136

Money market

See - Dividends and expenses
Govt. securities
Open market operations

Morgan, J. P.
See - Mellen 139

Morse, Gov.
Believes in direct action on credits. Agrees with Perrin
Oct. 13, 1922.

Amendment to Gov. Strong's motion defeated, that F.R. banks should decrease open market investments in proportion that their discounts increased. Gov. Morse wanted to add "and as gold imports increase." Oct. 13, 1922. 8

Curtiss tells C.S.H. that Gov. Morse is to resign.

C.S.H. says he heard this first from Gov. Calkins, and that his failure to tell him before had embarrassed him. Dec. 7, 1923. 18, 19
Moss, Asst. Secretary.

Eddy tells C.S.H. that the private secretary of Asst. Sec. Moss had come to him and said that Asst. Sec. Moss wanted to have the picture of John G. Carlisle, now in C.S.H.'s room, transferred to his room. C.S.H. told Eddy to say to him that Sec. C.S.H. had much sentiment about this picture as he had served under Carlisle from 1893 to 1897, and was an intimate friend of his, but that he fully realised that all of the pictures in the Treasury building belonged to the Treasury, and if Asst. Sec. Moss insisted, of course C.S.H. could not and would not offer any opposition.

Eddy says he said this to the private secretary, but he said to him Asst. Sec. Moss wished to have the picture.

C.S.H. tells Eddy to permit it to be removed.

C.S.H. feels this to be most discourteous and that Moss might at least have come to him in person. Mar. 24, 1923. 66

C.S.H. told Anna and H.P.H. about this.

Anna tells C.S.H. she dined with Under Secretary Gilbert and jokingly told him about it, and he said Moss was most rude, and that he had no power to make such a request, as the pictures were under the Chief Clerk who was under Asst. Sec. Wadsworth. Mar. 25, 1923. 66

Gilbert calls up C.S.H. and apologises for Moss's rudeness; thinks it must have originated with Moss's new chief. April 1, 1923. 67

Tells C.S.H. that Sec. Mellon has issued an order that Sec. Carlisle's picture is to remain in C.S.H.'s room. Mar. 25, 1923. 67

Motions, Resolutions, etc.

22,49,81,84,105,110,112,150,152,189

See - Votes

Mullens

President Harding tells Mitchell that he (Harding) had promised the Class C Directorship at Cleveland to Mr. Mullens, but that the Board, with full knowledge of this, appointed Mr. Knight.

April 19, 1923. 97

Munsey

Mr. Howell tells C.S.H. he believes Munsey will come out for Ford for President. New York Herald. June 8, 1923. 148

Myer, Gertrude 181, 182, 183

See - Hale, Mrs. Chandler

May 26, 1923. 130, 132, 146
National Bank Examiner
See - Brewer

National Bank Examiners
See - Examinations

National bank notes
Gov. Harding says the U.S. money in Cuba consists largely of national bank notes and 40 or 50 millions of Atlanta F.R. notes largely.

April 30, 1923. 99

National banks, Savings accounts, F.R. Act
History
See - Willis, Dr.

National City Bank
Gov. Case admits the National City Bank wants the Cuban Agency as it will give them spot cash for cable transfers and acceptances.

April 30, 1923. 102

Mitchell
Gov. Harding says National City bank some time ago was made the agent of Federal Reserve Bank of New York on the understanding it was to do nothing under it, but that it is advertising this agency relation very extensively over Cuba, thus creating the impression that it has facilities not enjoyed by other banks in Cuba; that after its designation, it asked the Federal Reserve Bank of New York to deposit with it a large amount of Federal Reserve notes so it could exchange them in Cuba for unfit currency, but that this was declined; that it made the same request of Atlanta but the Board disapproved; that Mitchell, President, does not want his agency disturbed; that Mitchell said an Agency would be of advantage but that it should be Atlanta; that his reason for preferring Atlanta was that Atlanta had agreed, if designated, to furnish Mitchell branch in Cuba with currency free of all expense to it; that Mitchell hopes, after this agitation had died down, to be made the active agent of the Federal Reserve Bank of New York and to do all that the Federal Reserve Bank of Boston wants to do; that Mitchell, President, does not want his agency disturbed; that Mitchell said an Agency would be of advantage but that it should be Atlanta; that his reason for preferring Atlanta was that Atlanta had agreed, if designated, to furnish Mitchell branch in Cuba with currency free of all expense to it; that Mitchell hopes, after this agitation had died down, to be made the active agent of the Federal Reserve Bank of New York and to do all that the Federal Reserve Bank of Boston wants to do; that Mitchell wants to buy and sell cable transfers, bills and acceptances, and to pay therefor from funds furnished it by the Federal Reserve Bank of New York; that this would be discrimination against all banks in Cuba; that the Board should at once revoke the designation of the National City Bank as agent of the Federal Reserve Bank of New York.

May 26, 1923. 132, 133, 134
National City Bank (Cont.)

Gov. H. says Mitchell of National City said that Atlanta should be designated. See Mitchell.

National Grange

C.S.H. gives lunch to officers of.

List of those present:

Lowell, Grand Master
Eckert, Master Illinois Grange
Thompson, South China, Maine
And others

To meet them:

Sec. Mellon
Adams, Platt, G.S.H., Horton
Meyer, Eugene
Grissinger
Farm Loan Board
Signora Agristi.

New, Postmaster General

Was the only member of the Cabinet to go to Railroad station to see Mrs. Harding off. Sept. 4, 1923. 166

New Year's reception

About 300 attend New Year's reception of C.S.H. and H.P.H.

Jan. 1, 1923. 34

New York

Discount rates. 47, 48

Jan. 16, 1923. 52

Philippine Chamber of Commerce.

See — Willis

Mr. Howell of Atlanta Constitution says Munsey will come out for Ford for President. June 8, 1923. 148

New York Credit

Mr. Howell of Atlanta Constitution says Munsey will come out for Ford for President. June 8, 1923. 148

New York, N. H. and H. Railroad

See — Mellon

Newsome

Asks to be relieved as soon as possible from F.R. Agency at Dallas.

Feb. 21, 1923. 49, 52
Niblack, Admiral

Very bitter against Lodge for saying in the recent campaign that Wilson should have declared war against Turkey. He said it was a master piece of diplomacy not to have declared war; that the Turks liked the U.S. and would do all in their power to work amicably with us; that Admiral Bristol was the senior diplomat in Greece and Turkey and held the Turkish leader Menal in the hollow of his hand; that France now saw her mistake in favoring the Turks against Great Britain, as Turkey had thrown down France as hard as she did Great Britain; that as against Greece he was frankly pro-Turk; that the Turks were far better and cleaner than the Greeks; that their word was as good as their bond, etc., etc. that the U.S. was now sending a battleship through the straights with supplies for the Russians and that Menal would let it go through, holding it up perhaps for a few days as a matter of form; that we had a right to demand this, never having declared war against Turkey.

Admiral Niblack also said that the Bolsheviks had lived up to their agreements with the U.S. as to the shipments of supplies, but that for some reason this had never been made public.

Nov. 10, 1922. 9, 10.

Norman, Gov.


Present:

Jan. 15, 1923. 38

Norris, Gov.

Votes for 3% reserve against California special savings accounts.

Mar. 27, 1923. 76

Attends hearing on Cuban Agency. April 30, 1923. 99

Favors a Federal Reserve Agency in Cuba but says Philadelphia does not want it. April 30, 1923. 100, 101

North Carolina

Gov. Crissinger favors excluding from the par list checks on North Carolina banks and others having a statute enabling banks to pay checks drawn on them in exchange.

June 16, 1923. 156
Open market operations

3, 4, 5, 6, 76

Se - Dividends and expenses

Domestic secured acceptances covering staple agricultural products with 6 months maturity. Dec. 12, 1922. 20

Central committee. Mar. 27, 1923. 76

Acceptances. Warburg. April 12, 1923.

U.S. Treasury operations, Effect on. April 12, 1923. 87

Taussig was shocked at suggestion of F.R. Banks selling Govt. securities and drawing out of the market because otherwise Treasury sales of securities might be embarrassed. Taussig said the Treasury should approach the market just as it found it, and that Federal Reserve Board should not create any artificial conditions to help the Treasury.

April 19, 1923. 90

C.S.C. agreed absolutely, but said because of peculiar conditions he would not object to having Federal Reserve banks decrease their holdings of Govt. Securities temporarily, but that taking the year as a whole it was their plain duty to earn expenses and dividends, whatever the effect on the market or the Treasury might be. 90

Taussig said he agreed with this latter. 90

Platt writes Sec. Mellon as to proper holdings by Federal Reserve banks of Govt. securities, and Sec. Mellon told Platt he agreed with him. April 20, 1923. 90

Ottley

Attends Cuban agency conference. May 7, 1923. 109
Otley (Cont.)

C.S.H. meets Ottley at dinner tendered him by Atlanta bankers.
June 7, 1923. 147

Ottley tells C.S.H. that before he came he had said publicly he would be damned if he would agree to any compromise on the Cuban agency, but C.S.H.'s reasoning was so convincing, and his dinner address so charming, and the directors have such a notion for him, that we all were turned around C.S.H.'s finger and rather enjoyed being so twisted.
June 8, 1923. 147, 148

Pacific S.W. Savings and Trust Company
Board had ruled that the examination of the bank had been made by the F.R. Bank and not by the state, and that the expense must be assessed upon the bank.
Dec. 9, 1922. 20

Porterville branch. Declined.

July 31, 1923. 160

Granted. Nov. 22, 1920. 179, 180

See - Branches

Paige, senator
Did not vote on McNary confirmation at committee meeting, but he told Sen. Calder that, as a former national bank president, he felt McNary was not a fit man for Comptroller.
Mar. 4, 1923. 56

Patten, Miss
Mary Patten tells C.S.H. that Sec. Hughes was crazy to be appointed Chief Justice; that he was sure he would be, and when people spoke to him about it, made no disclaimer; that he was bitterly disappointed when Taft got the appointment, but gamely said it was a good appointment.
Nov. 29, 1922. 10

Tells Gov. H. to warn C.S.H. and family of fact that they are thought bitterly partisan.
Dec. 24, 1922. 26, 27, 28

Peace
See - Carnegie Foundation
Pension Plan, F. R.

Board considered bill prepared by the Governors for a pension plan for Federal Reserve employees including those with salaries up to and including $18,000.

Board, two years ago, favored this plan in principle.

The new members vigorously opposed any pension plan.

Dr. Miller said he would approve it if restricted to those having salaries not over $5000.

The Board unanimously opposed request of Governors to start the plan without authority from Congress.

C.S.H. offered a resolution favoring the general principle of a pension plan carefully guarded for limited classes of employees.

Defeated:

Aye - C.S.H., Platt, Miller
No - Crissinger, James, Cunningham, Dawes

Dawes moved reconsideration

Carried:

Aye - C.S.H., Platt, Crissinger, Dawes
No - James, Cunningham

Dawes moved that, without indorsing the general principles of a pension system, the Board will interpose no objection to the submission to Congress by the Governors of their bill.

Defeated:

Aye - C.S.H., Platt, Dawes
No - Miller, Cunningham, James

Cunningham said: "By God! I won't vote for any pension plan. I need one myself more than they do."

Dec. 7, 1923. 188, 189.

C.S.H. again moved that Board approve general principle, etc.

To C.S.H.'s amendment Gov. Crissinger changed his vote and the resolution was carried.

Aye - C.S.H., Miller, Gov. C. Platt
No - Cunningham, James, Dawes
Pension Plan, Federal Reserve (Cont.)

C.S.H. moved Board will interpose no objection to Governors introducing their bill in Congress.

This was same as Dawes motion of Dec. 7th, but Dawes voted against it.

Defeated:

Aye - C.S.H., Platt, Gov. C.
No - Miller, Platt, Crissinger, Dawes

C.S.H. pointed out that Governors had asked our consent to introduce the bill, and that we must either approve or deny.

Miller moved reference to committee on salaries. Defeated.

C.S.H. rose to point of order, that some action must be taken on Governors' request.

Gov. C. sustained point of order.

Board referred matter to salaries committee which, however, bitterly objected as they would be bound by the resolution in which they did not believe.

Dec. 13, 1923. 189, 190

Gov. Strong tells C.S.H. that Sec. Mellon said he thoroughly believed in a pension plan.

C.S.H. believes Sec. Mellon persuaded Gov. C. to change his vote.

Dec. 13, 1923. 190

Pepper, Senator

Committee, Pepper, Cousins and Hitchcock, state that McNary can not be confirmed. Feb. 9, 1923. 45

Senator Cousins tells C.S.H. that he told President Harding, together with Senator Pepper and Hitchcock, that McNary could not be confirmed.

Feb. 10, 1923. 45

Sen. Calder tells C.S.H. that Senator Pepper changed his mind and voted in the committee to confirm McNary. Mar. 4, 1923. 55

C.S.H. is amazed at Pepper in voting to confirm a man he said was not fit; yet Pepper voted for Newberry and even said all Democrats were insincere who voted against him. 55

C.S.H. predicts, sorrowfully, that Pepper will outrival Quay and Penrose as a machine politician. 56

Last week H.P.H. was talking with Mr. Pepper at a tea when Miss Lee came up and said that whenever she saw H.P.H. she thought of the sturdy way in which H.P.H. fought for the League of Nations.
Pepper, Senator (Cont.)

H. P. H. said, "Be careful, or you will have pepper thrown in your eyes."

Mrs. Pepper laughed and then said that her husband, Sen. Pepper, was changing his views as to the L. of N.; that he now felt it was doing very good work along the lines of international public health and as to other questions where it had no power but could make recommendations, etc. C. S. H. thinks Pepper must be getting ready to "flop" on the L. of N. just as he did on McNary.

Mar. 4, 1923. 56

Senator Glass speaks in terms of contempt of Sen. Pepper and his conduct as to McNary; said that Senator Watson told President Harding that there was scarcely a Senator, Republican or Democrat, who believed McNary a fit man for Comptroller.

Mar. 4, 1923. 59

Perrin, Federal Reserve Agent

Makes effective argument for direct control of credits, at conference of Board, Governors, and Federal Reserve Agents.

Oct. 15, 1922. 1

Board refuses Perrin's application for approval to buy land for Portland branch. Dec. 2, 1922. 11

Tells Dr. Miller that the Bank of Italy has been managed in a careful, conservative manner. Dec. 5, 1922. 17

Entered into agreement with State banks desiring to enter the F. R. System to examine them without cost to them. Dec. 9, 1922. 20, 21

Reports to Board that there is no necessity for further banking facilities at Pasadena on application of Los Angeles Savings & Trust Co. Jan. 2, 1923. 34

See - Branches

No notice was sent to Perrin of vote of Oct. 10, 1922, requiring a 10% reserve on special savings accounts, but a similar vote of Dec. 5, 1922, was duly sent him.

May 3, 1923. 104

Board voted to put above decision into final form and send it to Perrin. May 3, 1923. 105
Pepper, Senator (Cont.)
Recommends favorable action on application of Bank of Italy or its auxiliary corporation to purchase a bank in bad condition at Ontario. May 22, 1923. 125, 126

Perrin wires Bank of Italy has filed application to turn Ontario bank into a branch, and Board grants this. May 24, 1923. 127

Board asks Perrin to review his unfavorable recommendation as to Yuba City branch. May 24, 1923. 127, 144

See - Branches

Perrin wires Bank of Italy has filed application to turn Ontario bank into a branch, and Board grants this. May 24, 1923. 127

Elliott again asks to be shown copy of Perrin's second report on Yuba City. July 31, 1923. 159

Board votes to send copy of resolution of Aug. 2, 1923, to Perrin. Aug. 2, 1923. 161

Perrin protests against giving resolution to banks interested. Aug. 14, 1923. 162

Approves Long Beach and Watson City application. Dec. 17, 1923. 191

Pershing, General
Likes McNary very much. Jan. 21, 1923. 40

Philadelphia 118, 135
See - Cuban agency

Philippine Chamber of Commerce. 91
See - Willis

Philippine National Bank 93
See - Willis

Philippe, Under Secretary. 106
See - Cuban agency

Platt amendment 99, 123
See - Cuban agency
NAM, Vice Governor
says the National bank examiners brought by Crissinger before the
Board admitted that it was no more difficult to examine a
bank with 65 branches than 65 unit banks.
Dec. 5, 1922. 14

Reserves right to move to reconsider decision that California special
savings deposits must carry 10% reserves.
Dec. 6, 1922. 17

Will, at next meeting, move to reconsider ruling making certain paper
of cooperative marketing associations agricultural paper, to
make record clear as to just what Board voted.
Dec. 14, 1922. 23

Mitchell says Warburg and Ros intimated that Platt was not fit to be
Governor of the Federal Reserve Board.
Dec. 16, 1922. 24

Indignant at possibility of Crissinger being designated as Governor
over his head. Dec. 16, 1922. 24

C.S.K. and H.P.H. take Mr. and Mrs. Platt to Alexandria to attend
wedding of Hoxton's daughter. Jan. 12, 1923. 37

Former Asst. Sec. Love tells Platt that Talley is best man for
Federal Reserve Agent at Dallas. Jan. 24, 1923. 42, 43

Wants Board to advise New York that it concurred in recommendation of
Federal Advisory Council for higher rates at New York, Boston
and San Francisco, - from 4 to 40.
Feb. 20, 1923. 47

Calls special meeting to consider application of New York for increase
in rates. Feb. 21, 1923. 48

Tells Board Mellon can't come but favors the increase.
Feb. 21, 1923. 48

Tells Board Newsome wants to be relieved of Federal Reserve Agency at
Dallas. Feb. 21, 1923. 49

Appointed, with Mitchell and Crissinger on committee to report name for
Federal Reserve Agent, Dallas.
Feb. 21, 1923. 49

Mellon, tells Platt he favors lower reserve requirements for two St. Louis
banks but does not want to oppose Crissinger.
Feb. 21, 1923. 50
Platt, Vice Governor (Cont.)

Miller attacks Platt and Mitchell for their report favoring Talley
for Federal Reserve Agent at Dallas.
Feb. 24, 1923. 52

Attends lunch to Executive Committee of National Grange given by C.S.H.
Feb. 28, 1923. 54

Votes to interpose no objection to the erection of a Federal Reserve
branch building at Little Rock.
Mar. 16, 1923. 63

Votes with C.S.H. to strike out reference to power of Board to
regulate amount of open market purchases of Govt. securities,
in proposed circular. April 3, 1923. 79

Speaks on application of Boston to establish Cuban agency.
April 4, 1923. 83

Votes to approve purchase of El Centro bank, without being committed
as to running it as a branch. April 10, 1923. 83

Agrees with C.S.H. that refusal of Board to reconsider El Centro, does
not commit Board to policy of zoning, etc.
April 10, 1923. 84

Taussig talks with Platt and C.S.H. on discount rates, open market
purchases, etc. April 19, 1923. 88

Platt asks Taussig as to policy of Federal Reserve banks withdrawing
from the market by selling their holdings of Govt. securities.
April 19, 1923. 89

Platt tells Taussig of Treasury policy that Federal Reserve banks get
out of open market because of interference with Treasury's placing
certificates and Taussig is shocked.
April 19, 1923. 89, 90.

Sends letter to Sec. Mellon stating—

Federal Reserve banks investments in Govt. securities has fallen
from 603 millions in May 31, 1922 to 239 millions on April 4,1923, -
a decline of 364 millions; that of this 339 millions, 10 millions
were held under repurchase agreements, and 39 millions were
holdings of Govt. bonds nearly all bought before the war under
Section 15, some of which bear the circulation privilege and
others were conversions into 3% bonds; that subtracting these
only 189.6 millions are left as investments by Federal Reserve
Platt, Vice Governor (Cont.)

banks, of which 34 millions are Dec. 1923 maturities, 2 millions are
Mar. 16, 1924, maturities, and the balance - 177.5 millions are
Treasury notes.

Platt further pointed out that since May 17, 1922, Federal Reserve banks
have sold 1.5 billions of U.S. bonds bearing the circulation
privilege, which, in his opinion, they ought not to have done, as
it will result in putting an equal amount of national bank notes
into circulation.

Platt says above figures show a very drastic deflation.

Platt further said that the Federal Reserve banks have 157.4 millions
invested in Govt. securities less than their capital and surplus,
and, that, therefore, these holdings are not inflation.

Platt said the Federal Reserve banks had agreed to sell to the Treasury
its Sept. 15 maturities, which would leave them with only 153
millions invested in Treasury notes and certificates. 96

Platt said he favored 153 millions as a minimum and 350 as a maximum,
and that Sec. Mellon agreed to this.

Platt said the purchase of acceptances in open market go, prima facie,directly to finance business transactions, differing from purchase
of Govt. securities in their effect on the market. 96

Says Treasury wants a Cuban agency established.
April 30, 1923. 102

Platt asks Warburg's opinion on Cuban agency draft.
May 1, 1923. 103

Warburg tells Platt he supposed the Cuban agency was to be a member
bank and not a Federal Reserve agency.
May 2, 1923. 104

Votes against C.S.H. motion to reconsider decision as to reserves
against special savings bank accounts.
May 3, 1923. 105

Moves that these savings accounts are not savings accounts under
Sec. 19, Federal Reserve Act.
May 3, 1923. 105

Platt says Under Secretary Philips told him that State Department
had no objection to Cuban agency. May 4, 1923. 106
Platt, Vice Governor (Cont.)

Withdraws motion to designate Boston for Cuban agency because of
President's desire to look into the matter.
May 8, 1923. 110

Moves that Boston be designated for the Cuban agency.
May 9, 1923. 113

Votes to permit purchase by Bank of Italy of insolvent bank at
Ontario. May 22, 1923. 126

Approves C.S.H. plan for a joint Cuban agency.
May 24, 1923. 130, 138

Agrees to See Sen. Lodge with C.S.H. as to Cuban agency.
May 28, 1923. 139

Moves to reconsider vote disapproving application of Bank of Italy
for a branch at Sacramento.
June 1, 1923. 143

Agrees with C.S.H. that Board is bound to accept certificate of
state bank Superintendent.
June 1, 1923. 144

Attends conference with Johnson, Calif. Banking Superintendent.
June 4, 1923. 145

Agrees with C.S.H. that Board some time ago voted to ask opinion of
Attorney General as to proper construction of Section 9,
Federal Reserve Act.
June 12, 1923. 150

Votes to reconsider Yuba City.
June 12, 1923. 151

Moves to lay on table Little Rock branch building application; also
Salt Lake building. June 12, 1923. 152

Wires Glass he does not agree with Miller that Supreme Court decision
is a body blow at clearing system. June 12, 1923. 152

Has conference with Senator Glass on Supreme Court clearing decision.
June 15, 1923. 154

Favors Porterville, Long Beach and Watson City applications.
July 31, 1923. 159

Presents minority report in resolution of Aug. 2, and on above
applications.
Platt, Vice Governor (Cont.)

Platt and C.S.H. agree that if Board refuses to state that resolution of Aug. 2 was passed by a majority vote, they will make a public statement. Aug. 2, 1923. 161

Platt says Perrin protests at giving to the banks interested a copy of the August 2 resolution. Aug. 14, 1923. 162

Platt, C.S.H., and Miller vote against resolution of Nov. 7, 1923, and for Platt's minority report. Nov. 7, 1923. 178, 179

Votes for C.S.H. pension resolution. Dec. 7, 1923. 188

Votes for Dawes motion to reconsider. Dec. 7, 1923. 188

Votes for Dawes motion to permit Governors to introduce pension bill in Congress. Dec. 7, 1923. 188

Votes for C.S.H. motion in favor of a pension plan on principle. Dec. 13, 1923. 189

Votes in favor of C.S.H. motion that Governors be allowed to introduce in Congress their pension bill. Dec. 13, 1923. 189

Votes for Watson City, Long Beach and Santa Maria applications. Dec. 17, 1923. 191, 192

Votes to increase Federal Reserve Agent Curtiss' salary from $18,000 to $20,000. Dec. 19, 1923. 192

Reports for law committee in favor of $1800 to Bradley of Law Division. Dec. 20, 1923. 192

Gives notice will object to any new clerk for Law Division. Dec. 20, 1923. 193

Tells C.S.H. Miller said he should oppose any increase in salaries of Federal Reserve agents unless they agreed in advance to accept and carry out recommendations of economy and efficiency committee as to cutting down monthly reports. 198

Politics


Holding up Campbell's appointment until confirmation of Mooney as Comptroller. Feb. 9, 1924. 45
Politics (Cont.)

Miller wants to hold up Boston's increase in discount rates until Congress adjourns fearing it might attack us for it.

Feb. 21, 1923. 49


President Harding.

Philippine National Bank. Gov. Harrison. 92

Mullen., Federal Reserve Bank of Cleveland. 97

President Harding.

Comstock. 97

Dirt farmer, Federal Reserve Board. 111

Cuban agency 136, 136

See - Lane

Pomerene, Senator


Votes against confirmation of McNary. Mar. 3, 1923. 55

Portland, Federal Reserve branch 11, 12

See - Branches, Federal Reserve

Propaganda

Federal Reserve Bank of Atlanta uses, in connection with Cuban agency 123

See - Cuban agency

Purchases, Open market

See - Dividends and expenses

Open market purchases

C.S.S. R.

Ralston, Senator

Howell thinks, will be nominated by Democrats for President. June 8, 1923. 148
Ramsey, Federal Reserve Agent, Dallas
Died a few days ago. Nov. 8, 1922. 9

Reddings Dahlias Farm
C.S.H. and H.P.H. drive over to Plymouth to visit.
Oct. 20, 1922. 176

See - Wilson

Reed, Senator, Pennsylvania
Tells Gov. Harding he has grave doubts whether he will vote to
confirm Crissinger if appointed on Federal Reserve Board, as
he recently became gloriously drunk at a dinner in Pittsburgh
and made a maudlin speech. Dec. 7, 1922. 37

C.S.H. and H.P.H. dine with Mr. and Mrs. Lansing to meet
Sen. and Mrs. Reed.


Recalls acceptance of dinner with C.S.H. and H.P.H. because of
engagement at Senate. Feb. 20, 1923. 40

Republican National Committee
Gregor of Texas announces that Callier will be appointed Federal
Reserve Agent at Dallas as a Christmas gift.
Jan. 24, 1923. 41, 42, 49, 52

Reserve requirements, Lowered
Application to permit, for two St. Louis banks fails from lack of
3 affirmative votes. Feb. 21, 1923. 50

Reserves
See - Caliform special savings accounts
Special savings accounts
Savings accounts

Resolutions
C.S.H. offers resolution, originally offered on April 10, 1923, to
effect that Board is bound by certificate of State Superintendent
of Banking as to public necessity and advantage, and that Board
has no lawful authority to divide the state into zones.
Referred to committee. July 31, 1923. 159, 160

Committee reports resolution denying application for Porterville
and Long Beach and Watson City in form of a resolution
stating that state banks with a large number of branches can
not be satisfactorily examined either by the Federal Reserve
bank or by the state authorities; that right of state banks to
have unlimited branches is inconsistent with the spirit of the
Federal Reserve Act, etc.
Resolutions (Cont.)

Platt presented a minority report. Both told him that they felt it was a matter of principle to vote against the resolution. They both felt that the Board had the authority to subordinate the interests of the public to the interests of the banks. They also felt that the resolution was not in the best interest of the public. They both voted against it. Platt and C.S.H. agree that if the Board does not announce that the vote was a majority vote, they will issue a public statement.

Aug. 2, 1923. 160, 161

Perrin protests against delivering above resolution to the interested banks as directed by Federal Reserve Board.

Aug. 14, 1923. 162

Branch bank resolution was adopted by a majority vote.

Aye - Gov. C., Dawes, Cunningham, James, Miller
No - C.S.H., Platt

Gov. Crissinger said he thought the resolution went beyond the powers of the Board but the national banking system was doomed to extinction unless Congress should change the law and therefore (i) he should vote for it.

Sec. Mellon said he could not come to the meeting and asked the Board to go on without him.

Nov. 7, 1923. 178, 180

C.S.H. offers resolution favoring the general principle of a Federal Reserve pension plan, carefully guarded, limited as to membership.

Passed:

Aye: Gov. C., C.S.H., Platt and Miller
No: Cunningham, James, Dawes

Dec. 13, 1923. 189

See - Cuban agency

Richmond, Federal Reserve Bank of Sec. Seay, Gov.

Rinhardt, Mary

C.S.H. meets, the authoress at dinner at Sec. Mellen's

Jan. 16, 1923. 38
Ripley, Interstate Commerce Commission.
Met C.S.H. on train and said Percy Todd told him that J. P. Morgan & Co. had a special account on their books with Mellen, the President, and that, under it, they gave Mellen 15% of the difference between what the New Haven R.R. received for all bond issues and the price received by J. P. Morgan & Co. on their sale.

Todd told C.S.H. this some years ago. May 24, 1923. 139

Robinson
The Los Angeles Banker, Robinson, indorsed Talley for Federal Reserve Agent at Dallas. Feb. 24, 1923. 52

Roosevelt, President
C.S.H. asks Mrs. Freeman to name one act of courage on the part of Roosevelt comparable to the courage shown by President Harding in vetoing the bonus bill. Dec. 24, 1922. 27

Admits, for whatever it's worth, that Cuba under Royal Bank of Canada is a nice country. In brief, see p. 110.

The agent of, favors Cuban agency. April 30, 1923. 100

Rue, Federal Advisory Council
Wires Mitchell of Federal Advisory Council that Gov. Harding has withdrawn his name from consideration for reappointment to Federal Reserve Board. Dec. 16, 1922. 24

Wires Board that Federal Advisory Council wishes to be heard on Cuban agency.

Says Board should not have created an agency without consulting the council.

Admits that Board was not bound to secure the assent of the council, and that council is not an appellate body.

See - Cuban agency

May 21, 1923. 121, 122

Russia
Admiral Niblack says Bolsheviks had absolutely lived up to their agreement with the U.S. as to shipment of supplies, but that for some reason the administration had never made this public.

Nov. 10, 1922. 10

Sacramento branch
125, 143, 144, 146, 152
See - Branches

Dembicki, Vice President
Salary committee 192, 194, 195
See - Bradley
San Francisco, Federal Reserve Bank of
Federal Advisory Council recommends increase of discount rates from
4 to 4 1/4% at New York, Phila., and San Francisco.
Feb. 20, 1923. 47
See - Perrin
Santa Maria branch 190, 191, 192
See - Branches
Saulsbury, Senator
Very bitter against President and Mrs. Wilson; said he was
disgusted with the "Empress Dowager" - Tumulty-Grayson
combination.
Said that he had drawn up a concurrent resolution providing
that all bills passed by Senate and House be sent for
signature to Marshall as "Acting President" but that
Marshall would not agree. Dec. 5, 1923. 184, 185
Savings accounts, Reserves
See - California special savings accounts
Savings Departments, National banks. 94
See - Willis
Scobie, Director of the Mint
Wanted Brewer appointed Federal Reserve Agent at Dallas.
Jan. 31, 1923. 41
Scott, James Brown
Inform C.S.H. of his election as a trustee of the Carnegie
Foundation for International Peace.
April 20, 1923. 97
Seattle branch. 13
See - Branches, Federal Reserve
Seay, Gov.
Objects to definition of word "borrower" in Section 13, F.R. Act
Oct. 13, 1922. 2, 3
Argues in conference for 3% reserve against special savings
accounts but finally votes against it.
Mar. 27, 1923. 73
Senate reservations, League of Nations 185
See - Marshall, Vice President
Separate ratios. Deposits and Federal Reserve notes
See - Gold reserves
Federal Reserve notes
Miller
Shurtleff, Senator
Forgets to attend dinner of C.S.H. Feb. 20, 1923. 48
Bippican Pomona Grange
C.S.H. and Mrs. Wilson attend meeting of Sept. 1, 1923. 164
Smith, Hoke
Attends conference on Cuban agency, for Fulton National Bank, Atlanta. May 7, 1923. 107
Questions power of Board to create a Cuban agency, but claims it should be Atlanta, if any. May 7, 1923. 107
C.S.H. talks with, as to proposed joint agency and he fully approves. June 5, 1923. 147
Smith, Rev. Earnest
Mrs. Wilson says Mr. Smith is a perfect snob, always kowtowing to those above him and hard on those below him, etc., etc. Sept. 24, 1923. 173, 174
See - Wilson
Smithson, Chauffeur of Dr. Miller 197
See - Miller
Special savings accounts, California
See - California special savings accounts
Speculation
An inflationary boom seems to be on the way. Oct. 13, 1922. 4
Spheres of influence. 84, 128, 160
See - Branches
Sprague, Prof.
Favor's public announcement of discount policy of F.R. Board. April 19, 1923. 86
St. Louis
Board can not get 5 affirmative votes to permit lowered reserve requirements of two St. Louis banks. Feb. 21, 1923. 50
State Bank Superintendent, California.

See Branches
Examinations
State banks
See Branches
California savings deposits
Examinations
Stockton, Phillip
Per se
Wills
Gov. Strong said that if the Federal Reserve banks should liquidate their present holdings of Govt. securities it would result in increased rediscounts, to the benefit of the Federal Reserve system. Oct. 13, 1923. 4
Gov. Strong said some policy of open market purchases should be agreed upon, - that the Federal Reserve banks had bought...
Gov. Morse tells Gov. Strong confidentially of his intended resignation, which leaked out, before Board heard of it.

Dec. 7, 1922. 19

Mitchell tells Gov. Strong what he thinks of Federal Reserve Agent Jay for saying he was not fit to be Governor of the Federal Reserve Board. Dec. 16, 1922. 26

Board feels that conditions at New York as outlined in letter of Gov. Strong, fully warrant an increase in discount rates from 4 to 4½.

Feb. 20, 1923. 47

Says spread 'between Federal Reserve rates and customers rates was increasing and there were some indications of speculation in commodities in New York. Feb. 20, 1923. 48

C.S.H. wanted to appoint Leffingwell as Class C Director at New York as he frequently differed from Gov. Strong and C.S.H. thought this a good thing. April 28, 1923. 98

Tells C.S.H. he talked with Sec. Mellon about the Federal Reserve pension plan and that Mellon was 100% in favor of the principle. Dec. 15, 1923. 190

Subsidy bill, Ship

Cunningham introduced, at a convention of the Iowa Farm Bureau Confederation, a resolution condemning the ship subsidy bill, President Harding's pet hobby.

May 8, 1923. 111

Sugar prices

Taussig says sugar prices are not much above the pre-war level.

April 19, 1923. 89

Superintendent of Banking, California

119, 126, 127, 144, 145, 160, 191

See - Branches, Examinations

Suspension of building contracts, Federal Reserve branch

See - Branches, Federal Reserve

Many banks which favored Collier sent recommendations for Collier
Talley, Federal Reserve Agent, Dallas (Cont.)

subject to their previous indorsement of Talley.

Jan. 24, 1923  49

Mitchell, Platt, and Crissinger appointed committee to recommend
Federal Reserve Agent at Dallas. Feb. 21, 1923. 49

Mr. Ball, of Federal Advisory Council said Talley was by all odds
the best man; that he had indorsed Talley but was told he
had no chance; that he then recommended Collier; that Talley's
appointment would eliminate politics; that politics was behind
Collier; that Talley had been told that if he would give credit
for his appointment to Creger the Republican National Committee
man, Creger had said he would secure the appointment for him,
but Talley declined.

Ball said Talley was a Republican. Feb. 21, 1923. 49, 50.

Miller raised all sorts of objections to Talley. Feb. 25, 1923. 50
See - Miller

Mitchell, for the committee, reported in favor of Talley.
Feb. 24, 1923. 51

Drum of San Francisco, Robinson of Los Angeles, and many others had
wired favoring Talley.

Talley was finally appointed.

All voted for him except Crissinger who voted for Collier.
Feb. 24, 1923. 52, 53

Tampa
A cigar manufacturer of Tampa told Board that Cuban banks are in a
combination and charge 3% for collections and 1/8% for
commission. May 7, 1923. 109

Tammany
Dr. Willis says Gov. Gen. Harrison did not unload Tammany politicians
on the Philippine Islands. April 20, 1923. 92

Tariff
Taussig says that the tariff, in relation to the increase of prices,
was irrelevant, except in the case of wool; that even sugar
was not much above pre-war prices.
April 19, 1923. 99

Taussig, Frank, Professor,
Called on C.S.H.

C.S.H. brought him into Board meeting, where he talked and answered
questions for an hour.
Taussig, Frank, Professor (Cont.)

Lunched with C.S.H. and had a talk with him and with Platt in C.S.H.'s room in Cosmos Club.

Taussig said he did not favor a public announcement of our rate policy, as did Sprague and other Boston economists; that the science of rate making was not an exact science; that the economists would surely criticize any statement we might make; that we should study production, prices in relation to production, speculation in commodities, and on the stock market, supply of labor, etc.; that we had no exact knowledge of production, at least as to many industries built up on the foundation of the basic industries; that all we could do was to watch carefully and be ready to act at any time in the way of increasing discount rates; that while it looked to him as if the time was near at hand for an increase he was not prepared to say it had yet arrived; that he could only advise watchful waiting; that the present gap between our discount rates and customers rates was too great, and might have to be changed in near future.

Also said that the tariff, in relation to present price levels, except in case of wool, was irrelevant; that even sugar was not much above pre-war prices.

Taussig also said that prices would not fall much below present levels for the next five years, largely owing to the labor monopoly under the immigration bill.

Also said he saw no particular objection to stating the note reserve and deposit reserve for the system separately.

Said he did not believe in amending the Federal Reserve Act so that notes could be issued only against commercial paper; that all gold held by Federal Reserve banks whether in their vaults or with the Federal Reserve Agents should be included in Federal Reserve bank assets and all Federal Reserve notes should be included in the liabilities.

Platt asked him as to the policy of going out of the market by sale of Govt. securities held by Federal Reserve banks.

Taussig said he saw no reason for this as the capital and surplus of Federal Reserve banks, 330 millions, had been originally withdrawn from the market and that, therefore, these purchases did not cause inflation.

Platt told him of wish of Treasury that we should draw out of the market, because our remaining in interfered with the Treasury in placing its securities.
Taussig, Prof. Frank (Cont.)

Taussig said he was shocked as to this; that the Treasury should approach the market as it found it and should not attempt in any way to interfere with it; that our Board should most certainly not artificially manipulate the market to help the Treasury.

C.S.H. said he was in full accord with his views; that under existing conditions he was willing as a temporary matter, to have the Federal Reserve banks decrease their holdings, but that, taking the year as a whole it was the plain duty of the Federal Reserve banks to earn expenses and dividends even though it involved going into the market for this purpose.

Taussig said he entirely agreed with this.

Taussig said the only suggestion he could make as to discount rates was that some member of the Board, in a public address, stress the point that the present high gold reserves were not an adequate indicator of credit conditions, as saying this in the Federal Reserve Bulletin was too impersonal.

Taussig said he did not agree with Hoover that gold exports were likely to start up in any large volume in the immediate future.

April 19, 1923. 88, 89, 90, 91

Thom

Name appears in a bootlegger’s list published in Wash. Post. Mar. 14, 1923. 62

Thompson

Member of Grange from South China, Maine, attends lunch given by C.S.H. to Executive Committee of National Grange. Feb. 28, 1923. 54

Todd, Percy

Tells Ripley of Interstate Commerce Commission that J. P. Morgan & Co. kept an account on their books with Mellen, President of N.Y.H.R. & H. R.R. Co. giving him a fixed commission of 1% of the difference between what the railroad realized on sales of their bonds and what Morgan received on their sale. Jan. 4, 1923. 139

Todd told this to C.S.H. some years ago. 139

Torriente, Dr.

Approves as President of Cuba the designation of Federal Reserve Bank of Boston for the Cuban Agency. May 26, 1923. 131

Vote for Voelk as Federal Reserve Agent at Dallas. 130

Townsend, Senator
Mr. Campbell of Federal Reserve Board drops dead while playing golf with. Mar. 22, 1923. 65

Trailer
Urged by Rue and Warburg for F.R. Board. Dec. 16, 1922. 24

Treasury, U.S. 6, 90
Miss Miller, Campbell
See - Dividends and expenses.

Platt
Vote in favor of branch bank building contracts. Jan. 19, 1923. 54

Tumulty
Sen. Saulsbury says he was disgusted at the Empress Dowager - Tumulty-Grayson combination.

Turkey
See - Niblack, Admiral.

Votes
C.S.H. and Mitchell vote against 10% reserve for special savings accounts. Dec. 5, 1922. 17, 18
Purchase in open market of domestic secured acceptances. Unanimous. Dec. 12, 1922. 20
C.S.H. and Crissinger voted against Paladin branch. Jan. 2, 1923. 54

Vote to authorize New York to increase discount rates to 4½. Unanimous. Feb. 21, 1923. 48
Vote to authorize increase at Boston to 4½. Miller and Crissinger voted No. Feb. 21, 1923. 48, 49
Vote for Bailey for Federal Reserve Agent at Dallas. All Aye except Crissinger. Feb. 24, 1923. 53
Votes (Cont.)

Vote to disapprove El Centro bank branch.
C.S.H. voted to disapprove as not recommended by Perrin.
Mar. 6, 1923. 57

Vote to approve Little Rock Branch building.
Aye - C.S.H., Platt
No - Gov. C., Miller, Campbell
Mar. 16, 1923. 63

Vote, suspension of branch bank building contracts. Unanimous.
March 19, 1923. 64

Vote, Governors
In favor of 10% reserve against special savings deposits
No - Calkins, Norris, Mc Dougal, Young and Harding
Aye - All others
Mar. 27, 1923. 76

Vote on C.S.H. motion to strike out from open market circular statement that Board has power to limit amount of purchases of Govt. securities.
Aye - C.S.H. & Platt
No - Miller and Gov. Crissinger
April 3, 1923. 79

Vote that Chicago, before increasing rates, should liquidate its holdings of Govt. securities and allow acceptances to run off, increasing buying rates.
C.S.H. alone opposed allowing acceptances to run off.
April 7, 1923. 82

Vote on C.S.H. to approve purchase of El Centro branch bank without commitment as to operation as a branch.
Defeated:
Aye - C.S.H. and Platt
No - Gov. Crissinger and Miller.
April 10, 1923. 83

Vote on C.S.H. motion to reconsider ruling that special savings deposits must carry 10% reserves.
Defeated:
Aye - C.S.H., Miller
No - Gov. C., Platt
May 3, 1923. 106

Vote on Platt’s motion that Board should state that special savings accounts were not savings accounts under Sec. 19.
Defeated:
C.S.H. voted against it. May 3, 1923, 106.
Votes (Cont.)

Vote on C.S.H. motion that Board designate an agency in Cuba.
Unanimous. May 9, 1923. 112

Aye - Gov. C., Miller
No - C.S.H., Platt, James

Informal vote on Platt's motion to designate Boston for Cuban agency. Unanimous. May 9, 1923. 113

Vote on C.S.H. motion to approve purchase of insolvent bank at Ontario as an emergency proposition not to stand as a precedent.
Defeated:
Aye - C.S.H., Platt, James
No - Gov. C., Miller, James, Dawes

All others aye
May 22, 1923. 126

Vote on reconsideration
Passed. Unanimous. May 22, 1923. 126

Vote designating C.S.H., Gov. C., and James as a committee to draw resolution designating both Boston and Atlanta as Cuban agency. Unanimous. May 29, 1923. 140

Vote accepting resolution of above committee. Unanimous.
June 1, 1923. 143

Vote on Platt's motion to reconsider refusal of Sacramento branch.
Defeated:
Aye - C.S.H., Platt
No - Gov. C., Miller, James, Dawes

June 1, 1923. 143

Vote on motion of C.S.H. that Attorney General be notified that Elliott desires to file a brief with him on construction of Sec. 9, Federal Reserve Act.

Unanimous except that Miller voted No. June 11, 1923. 148, 149

Vote on motion of Gov. C. to reconsider Tuba City branch.
Defeated:
Aye - C.S.H., Platt, Miller
No - Gov. C., Cunningham, James, Dawes

June 12, 1923. 151

Vote on motion of Platt to lay on table Little Rock branch building application.
Aye - Gov. C., Miller, Cunningham, Platt
No - C.S.H., Dawes

June 12, 1923. 152
Votes (Cont.)

Vote on motion of Platt to lay C.S.H.'s motion to authorize Salt Lake City branch bank building to be constructed.

Aye - Gov. C., Miller, Cunningham, Platt, Dawes
No - C.S.H., James

Dawes explained his vote on ground that Little Rock branch building motion had been laid on table. June 12, 1923. 162

Final vote on Cuban agency.

Miller votes No.

All others Aye

Votes on Cuban agency June 27, 1923. 157

Vote on branch bank resolution refusing Porterville and Long Beach applications and declaring (a) that state banks with numerous branches could not be examined satisfactorily either by state or Federal authorities; (b) that member state banks with unlimited right to establish branches are inconsistent with the spirit of the Federal Reserve Act, etc. etc.

Carried:

Aye - Gov. C., Dawes, Cunningham, James, Miller
No - C.S.H., Platt

Dr. Miller said he voted for the decision but against part of the reasoning. Aug. 2, 1923. 160, 161

Vote against Platt's minority report same as on main question. 161

Vote on resolution confining branches to location of parent bank and contiguous territory.

Aye - Gov. C., Dawes, Cunningham, James
No - C.S.H., Platt

Gov. C. said he believed the resolution transcended the power of the Board, but in view of the difficulty of examining branches and the danger of extinction of national banks unless Congress should change the law, he should vote for the resolution.

Sec. Mellon was asked to come in and vote, but said he could not and asked the Board to proceed without him.

Aye - James, Cunningham, Nov. 7, 1923. 178, 179
No - C.S.H., Platt

Dec. 17, 1923. 191
Votes (Cont.)

Vote on C.S.H. motion to substitute Platt’s minority report was the same as in main motion. 179

Vote on motion to reconsider Porterville branch. Carried and branch authorized.

C.S.H., James and Dawes voted Aye and also Platt.

James and Dawes justified their vote on ground that Nov. 7 resolution did not take effect until Feb. 1, 1924. Nov. 22, 1923. 179

Votes on Federal Reserve pension plan
C.S.H. motion favoring general principle of a pension plan carefully guarded, for limited classes of employees.

Defeated:
Aye- C.S.H., Platt, Miller
No - Gov. C., James, Cunningham, Dawes

Motion of Dawes to reconsider carried
Aye: C.S.H., Platt, Gov. C., Dawes
No: James, Cunningham

Motion of Dawes that, without interfering the general principle of a pension system, Board will interpose no objection to introduction in Congress of plan of Governors.

Defeated:
Aye - C.S.H., Platt, Dawes
No - Cunningham, James, Miller
Dec. 7, 1923. 188

Motion of C.S.H. like the one above.
Carried:
Aye - C.S.H., Gov. C. Miller, Platt
No: Cunningham, James, Dawes

Motion of C.S.H. like that of Dawes above
Aye: C.S.H., Platt, Gov. C.
No: Miller, Cunningham, James, Dawes.
Dec. 13, 1923. 189

Vote on Watson City, Long Beach, and Santa Maria branch applications Defeated
Aye: Gov. C., C.S.H., Platt
No: James, Cunningham, Dawes
Dec. 17, 1923. 191
Wadsworth, Asst. Sec.
Attends dinner of C.S.H. to Baldwin, Chancellor of the Exchequer.
Jan. 15, 1923. 38

Wallace, Sec.
Tells Mrs. Wilson he will send her flowers from his Department. Countermanded. Dec. 17, 1922. 32
See - Wilson

Walsh, Senator, Mass.
Tells C.S.H. that Gaston is a corruptionist; that he bought his nomination as Senator; that he refused to take issue with Lodge as to reduction of income tax on large incomes; that if he had been elected there would have been a scandal worse than the Newberry scandal. Jan. 1, 1923. 36

Warburg, Paul M.
Wires Mitchell (Chicago) of Federal Advisory Council that Gov. Harding has withdrawn his name from consideration for reappointment on Board, and urges Mitchell to urge the appointment of Trailer (of Forgan's Security Co.)

Intimates that neither Mitchell nor Platt are fit for the Governorship. Dec. 16, 1922. 24

Warburg's statements before the Federal Advisory Council warranted an increase in rates at New York. Feb. 20, 1923. 47

Attends funeral of Mr. Goff at Cleveland. Mar. 16, 1923. 63

Warburg discusses with Board its advice to Federal Reserve Bank of Chicago to withdraw from open market and sell its Govt. securities before increasing its discount rates, also to let its acceptances run off.

Warburg said that if the Board felt it wise to increase rates it should act accordingly, but he did not favor ordering a sale of its Govt. securities or withdrawal from the acceptance market; that the Federal Reserve bank clearly had the right to invest in the open market an amount equal to its capital and surplus, as this was not inflation, as it was originally withdrawn from the market; that it would be most unwise to withdraw from the acceptance market; he agreed with C.S.H. that there was a fundamental difference between putting money into circulation through (a) buying Gov. securities and (b) buying acceptances; that (b) aided genuine commercial transactions, whereas (a) might eventually be used for e.g. loans to Wall Street, etc.
Warburg agreed with C.S.H. that, in doubt as to desirability of increasing discount rates, the withdrawal of money from the market by selling Gov. securities, would undoubtedly create a situation, which might not exist now, necessitating the raising of discount rates in the near future.

April 12, 1923. 85, 86, 87

Warburg told Platt over telephone that while he thought that the limitation of powers in the proposed Cuban agency circular was all right, he did not want to give any general expression of opinion because of his relations with Wing, of First National Bank, Boston, who had established a branch in Cuba.

May 1, 1923. 103

Tells Platt over the telephone that he had been under the impression that the Cuban agency was to be a member bank and not a Federal Reserve agency, and that he seriously doubted the advisability of establishing a Federal Reserve agency.

May 2, 1923. 104

Gov. Case, at Cuban agency conference, reads a letter from Warburg stating that Section 14 (e) was taken from the Aldrich bill which he (Warburg) drew; that the Aldrich bill in using "agency" meant a local bank agency; that the Federal Reserve Act, using the same language, must have had in mind a member bank as opposed to a Federal Reserve agency.

(The report of the committee of the Federal Reserve Board, of which Warburg was chairman, against Sec. McAdoo's recommendation for Federal Reserve bank agencies in South American countries, published Oct. 12, 1923, - 1 Federal Reserve Bulletin, 348 - shows conclusively that the committee believed that the word "agency" meant Federal Reserve agency.)

The committee said:

"In trade centers where American banks are not established it might be proper for Federal Reserve banks to appoint joint correspondents or agents in order to facilitate the development of American acceptances in such places."

The committee was opposing McAdoo's suggestion for agencies of Federal Reserve banks in South America, and clearly by "joint correspondents or agents" the committee was referring to Federal Reserve agencies, either jointly or singly.

May 4, 1923. 107

C.S.H. tells Board that Warburg's claim is not well founded, as shown above. May 9, 1923.118
Warburg, Paul M. (Cont.)

C.S.H. answers Eau's claim that the Federal Advisory Council should have been consulted before action was taken as to the Cuban agency, by pointing out that both Warburg and Eau had in fact been invited to attend the conference of May 7, 1923, and that Gov. Case read to the meeting a letter from Warburg on the subject of the Cuban agency.

May 31, 1923. 122

Warburg, at meeting of Federal Advisory Council read a report of the committee strongly objecting to any Federal Reserve agency in Cuba.

Warburg said the Council believed that by "agency" the Federal Reserve Act had in mind the designation of some local bank as correspondent or agent; that there was always danger of revolution in Cuba; that the Federal Reserve system should never be established in a foreign country.

It was pointed out to Warburg that Cuba occupies a peculiar relation to the U.S. (a) because of the Platt amendment; (b) because Cuba had made American money - the bulk of her circulation - legal tender.

Warburg said the Board's draft of powers for the agency was well drawn but was so stringent that little business could be done by the agency under it; that it could not earn its expenses for the reason that sugar, the principal export, moved only during 4 or 5 months of the year. May 21, 1923. 123, 124

Warburg suggested that, in lieu of an agency, the Federal Reserve system should deposit Federal Reserve notes with the local banks taking out credits against which exchange could be sold; that these notes would be cash in the hands of the local banks, and that any Federal Reserve bank should be permitted to do this.

(Such action would clearly break up Atlanta's monopoly of Federal Reserve note issue in Cuba)

May 22, 1923. 125

C.S.H. asks Gov. Harding to give the Board full data as to the business he expected to do in Cuba in answer to Warburg's claim that he could not make expenses.

May 23, 1923. 128

Gov. Harding in a memorandum states that Warburg favored Atlanta, if any Cuban agency is to be established.

May 26, 1923. 136

Warburg defended Miller's action in putting his chauffeur on the Federal Reserve pay roll, in 1918. 197
Waring, Guy
Mr. and Mrs. Waring of Newport, R. I. attend dinner of C.S.H. to
Baldwin, Chancellor of the Exchequer.
Jan. 15, 1923. 38

Warren, Charles
C.S.H. dines with, to meet Admiral Niblack.
Nov. 10, 1922. 9

Dines with C.S.H.
Nov. 30, 1922. 11

Dines with C.S.H. at dinner to Baldwin, Chancellor of the Exchequer.
Jan. 15, 1923. 38

Washburn, Charles
Tells C.S.H. the directors of Federal Reserve Bank of Boston
are considering Gov. Harding for Governor; that Stockton,
Aiken and Wigg strongly favor this; that Real, Hollis and
Curtiss fear it might be construed as a slap at President
Harding; that he strongly favored it and that he had seen
Sec. Mellon and Sec. Weeks who also favored it.  
Dec. 18, 1922. 26

Offers Gov. Harding the Governorship on the unanimous vote of
the directors. Jan. 1, 1923. 34

Studies Cuban agency question in Havana. April 30, 1923. 100

Washington, President
Clemenceau tells Mrs. Wilson that he intended to make a careful
study of the life of Washington; that he had never considered
him a very great man but he wanted to study his life carefully.
Dec. 27, 1922. 31

C.S.H. and H.P.H. sit in pew of, at Christ's Church, Alexandria, at
wedding of Sec. Hoxton's daughter.
Jan. 12, 1923. 37

Watson City branch 190, 191, 192
See - Branch banks

Weeks, Sec.
President Wilson tells C.S.H. of the treatment he received from,
at funeral of the unknown soldier.
Dec. 7, 1922. 31

Anna is told by a friend in the State Department that Sec. Weeks' 
name was on a list taken from a bootlegger but was omitted 
from the names printed by the Washington Post.
Mar. 14, 1923. 62
Weeks, Sec. (Cont.)

Confers with Doctor Willis as to Philippine National Bank.
April 20, 1923. 92

C.S.H. tries to arrange meeting between Dr. Willis and
Sec. Weeks on Philippine National Bank matters, but Weeks
was about to start for the Canal Zone and the matter had to
be put over. April 20, 1923. 91

Wald, Mrs. Stephen
Mrs. Wilson lunches with Mrs. Stephen Wald at Wareham.
Aug. 29, 1923. 163

Wellborn, Gov. 99, 101, 116
See - Cuban agency

White
Representing State Department strongly favors Cuban agency.
May 7, 1923. 109

Williams, John Skelton
Senator Glass tells C.S.H. he believes, to be an unprincipled
scoundrel; that he had prepared a speech showing him up,
but incautiously told Senator Brockhart of this, who told
Senator Heflin, who therewith took the floor of the Senate
and talked 7 hours, using up the time to the close of the
session, thus cutting Glass out.
Mar. 6, 1923. 58

Willis, Dr. H. P.
Called on C.S.H.

Said that Gen. McIntire of the War Department was a faithful,
able, official and had managed Philippine matters well;
but perhaps he was a little hesitating in acting but
this came probably from having to have all his orders
approved by the Secretary of War; that he believed firmly
that Gen. Wood wanted McIntire ousted; that a resolution
was offered at a meeting of the Philippine Chamber of
Commeres in New York censuring Gen. McIntire, which Willis
believes was inspired by Gen. Wood; that McIntire had done
some things which might be open to criticism in the manage-
ment of the Reserve fund, but that the whole trouble
started with Cameron Forbes who used some of the money to
build roads with; that the Philippine National Bank was all
right while he was President of it; that under Harrison it
made bad loans and got into bad condition; that Harrison was
personally honest but of bad moral character; that he did not
Willis, Dr. H. P. (Cont.)

Company my politicians on the Islands; that he was weak in not discharging incompetent and corrupt native officials; that Sec. Weeks sent for him 2 years ago; that he advised him to send out as head of the bank some able banker; that a man named Wilson (?) was sent out and managed the bank well; that he, Willis, gave the same advice to Sec. Baker, who ignored it; that Sec. Baker was directly responsible for the bad conditions in the Bank; that conditions today in the bank, although bad, were not as bad as formerly; that Gen. Wood and Forbes, in their report said that the conditions there formed one of the blackest chapters in the history of banking; that, while bad, they were no worse than the condition of many U.S. banks, e.g., the Guaranty Trust Company, etc.; that he had not yet made up his mind whether the bank should be discontinued; that if it were, it would give a monopoly to the foreign banks there; that undoubtedly the bank had helped the Filipinos.

Willis also talked of the clearing system; that the present system was half clearing and half collection; that he firmly believed the clearing system could be turned into a genuine clearing system by means of telegraphic notice to the banks of checks charged against their reserve balances.

Said Elliott had advised Board that a bank had a legal right to examine a check, e.g., to verify the signature before being called on to pay it; that he was satisfied that nothing could be done except by voluntary agreement or by amendment of the law.

Willis said that the words "savings accounts" in Sec. 19, Federal Reserve Act had reference in the first instance only to national banks; that they felt that 15, 13 and 10% were too high for savings accounts; that they told Congress they had large dormant accounts which rarely were checked against, and were in essence genuine savings accounts which should carry a lower reserve; that Congress permitted 5% and later 3%; that in Section 27, as passed by the H.R., separate savings accounts with prior lien, segregated assets, etc., were provided for but the Senate struck this out; that he saw no reason why there should not be distinct regulations for national banks and state savings departments; that as to national banks, if checking were permitted the same reserves should be required as against demand deposits, as all these deposits went into a common fund which was loaned commercially, whereas in California state banks all savings deposits were segregated and strictly limited as investment; that such segregation and limitation were the essence of savings accounts; that he saw no reason why the Board, in its discretion, had not lawful power to require only a 3% reserve against each savings account, in cases where the bank
Willis, Dr. H. P. (Cont.)

reserved the right to require notice and presentation of pass books, even though in practice it waived the right and even permitted the use of checks so stamped as to permit this right to be exercised at any time in the discretion of the bank.

April 20, 1923. 91, 92, 93, 94, 95

Tells C.S.H., in 1918, there was no work for Smithsonian, Dr. Miller's chauffeur, to do, etc. 197

Dr. Miller ordered Willis to appoint Mrs. Hutton in 1918, although Willis said he had tested her and she was of no use to him. 198

Wills, Federal Reserve Agent
Strongly favors direct action in controlling credits as it points out that by this means Cleveland maintained a 6% rate during the war and post-armistice period as against Washington at New York.

Oct. 13, 1922. 32

Wilson, President and Mrs.
H.P.H. lunches with Mrs. Wilson and has talk with Mr. Wilson after lunch.

H.P.H. writes out a memorandum of his talk. (See scrap book).

Mrs. Wilson tells H.P.H. that Secretary Lane's letters, published by Mrs. Lane, were like a bolt from the blue to Mr. Wilson; that he said, "Mrs. Lane must have been greatly in need of the money she got for publishing them."

He also spoke of agitators and said he had been received in Harvard and New York.

Dec. 25, 1923. 26

C.S.H. tells Gov. Harding that H.P.H. has been scrupulously careful not to criticize President Harding's administration but has never and will never hesitate to answer vigorously any attacks on President Wilson at any time and from any source.

Dec. 24, 1922. 27, 28

Mrs. Wilson calls up H.P.H. and invites Harriet and Jane, C.S.H. and H.P.H. to take tea with her this afternoon at $1:30 p.m.

We all went there and had a half hour's talk with Mr. and Mrs. Wilson.

C.S.H. had not seen Mr. Wilson since March 4, 1921; was somewhat shocked at his appearance; he was sitting in an arm chair in Library and apologized for not rising; his face seemed slightly drawn down and he did not use his left hand; he had a look of
Wilson, President and Mrs. (Cont.)

That apparently nothing could be true, he wrote

intense weariness; his mental faculties seemed absolutely
unimpaired, but, possibly a little sluggish; he seemed at
times as if speaking through a somewhat dense fog; he
seemed very glad indeed to see us.

He spoke of Senator Borah and said he believed him to be a sincere
man but one who just fell short of practical accomplishment.

He asked Harriet, just returned from Italy, about the Fascisti
in Italy and asked just what they stood for. Harriet said
that originally it was a patriotic society, something like our
Legion, bent on putting down Bolshevism in every form, but
that later many extreme radicals had joined.

Harriet said they went around with pistols in their pocket and with
clubs in hand, and if any one was doing what they thought was
wrong, they would go to his house, demolish his furniture and
give him a warning.

C.S.H. said jocosely that if this were their sole object he would
like to form such a band right here and he would know where
to begin.

Mr. Wilson replied with a smile, “Yes, but you would never know
where to end, the task would be so great!”

He also spoke of agitators and said he always felt the best course
would be to hire a hall and give them full swing,—which would
surely kill them off.

He expressed deep satisfaction that Lodge had been stripped of his
power by the narrowness of his victory in being reelected to
the Senate, saying it was better to be dead than to be alive
and feel dead.

He spoke of President Harding in terms of contempt, saying he was
servile,—a follower and not a leader.

He said that whatever history might say of him otherwise, it
would surely recognize that he never feared to fight for any
cause he deemed to be just.

He told C.S.H. that the rumor of his treatment by President Harding
and Secretary Weeks at the burial of the “unknown soldier”
was absolutely true; that he was given no invitation to attend
and assigned no place in the procession; that, amazed at such
an affront, he wrote Sec. Weeks, who very courteously replied
that he would be assigned a place in the procession but that
he must leave the line before it passed into the cemetery;
Wilson, President and Mrs. (Cont.)

that scarcely believing this could be true, he wrote
President Harding, who replied, referring to him in the
letter as "Mr. President," that he felt sure that
Mr. Wilson would appreciate that Sec. Weeks' decision was
approved by him, and that he would understand it; that he
considered this letter as a deliberate affront.

Some time ago, Admiral Grayson referred to this incident very
guardedly in a talk with H.P.H., who received the impression
that he thought this incident had been somewhat exaggerated
by Mr. Wilson.

Dec. 27, 1923. 29, 30, 31.

Mrs. Wilson told H.P.H. that Clemensson on the occasion of his
call on Mr. Wilson told her that he intended to make a
careful study of the life of President Washington; that he
had never considered him a very great man, but he wanted to
look into his life carefully. 31, 32

Mrs. Wilson told H.P.H. that shortly after President Harding's
inauguration, Sec. Wallace wrote her a charming note saying
that the agricultural department would send some flowers to
President Wilson and herself every week; that she wrote
thanking him; that for two weeks only the flowers were sent,
and then they suddenly ceased coming and have never been
sent since; that a friend told her they had been discontinued
on the order of a person "higher up." C.S.H. believes
President Harding must have been the person "higher up" as
no one else could countermand the order of a Cabinet officer.

Dec. 27, 1923. 32

Mrs. Wilson attends New Year's reception of H.P.H.

Jan. 1, 1923. 34

C.S.H. goes with Mrs. Wilson and Mrs. Admiral Helm to Mattapoisett.

Aug. 26, 1923. Sunday. 163

Take breakfast at Providence and go to Mattapoisett in Charles R.
Crane motor which brought over some of the Cranes to
Providence the night before, our machine having been badly
damaged in a collision yesterday. Aug. 27, 1923. 163

H.P.H. takes them to Horse Show at Newport as guests of Nina
Hopkins. Mr. James Gerard wanted to give them a lunch,
but Mrs. Wilson said that Mr. Wilson would prefer that she
accept no hospitality from Gerard, so C.S.H., by telephone,
told Nina that Mrs. Wilson wished to be very quiet and
therefore felt constrained to accept no other hospitality
than Nina's.
Wilson, President and Mrs. (Cont.)

C.S.H. could not go but the rest motored over in Mrs. Blake’s machine loaned to us until ours was repaired.

Nina and Hendrick met them at the bathing beach and introduced many people who waited there to meet them. Nina gave them a lunch at her hotel which Hendrick presided over as his mother had an engagement, made a long time previous— which she could not conveniently break.

At the Horse Show they received an ovation, Nina introducing many people to them. Gerard was in constant attendance.

Aug. 28, 1913, 163

All lunched with Mrs. Stephen Weld and then drove to Woods Hall and called on Mrs. Richard Olney, who was out.

Aug. 29, 1923, 163

Mr. and Mrs. Wilson give C.S.H. for his birthday a “grave yard rabbit’s” left hind foot for good luck, mounted with gold and with his initials on it. C.S.H. wears it on his watch chain. Aug. 30, 1923, 163

Mrs. Wilson and Mrs. Helm attend lecture of C.S.H. on Federal Reserve System at house of George Emlyn at Marion. Aug. 31, 1923, 164

Mrs. Helm leaves for Washington on the 5:35 train from New Bedford. Sept. 1, 1923, 164

Mrs. Wilson attends reception at Sippican Pomona Grange at Town Hall, Rochester. Sept. 1, 1923, 164
Mrs. Wilson gave a public tea to the people of Mattapoisett, and about 50 towns people came, including Mr. and Mrs. Pease of New Bedford. Sept. 2, 1923. 164

Mrs. Blake sent one of her autos to our garage the other day, saying that we were to keep it during Mrs. Wilson's stay and later until our machine was repaired, — as a birthday present to C.S.H. 165


C.S.H. rides up to Mr. Wilson's house to leave a letter to Mr. Wilson from Mrs. Wilson.

Sawelling and Admiral Grayson.

Grayson said he knew Mr. Wilson would want to see me and C.S.H. waited while he went upstairs. He soon came down and said Mr. Wilson wanted very much to see me.

C.S.H. went up and found Mr. Wilson eating breakfast.

Mr. Wilson was very glad to see C.S.H. and thanked him gratefully for his and H.P.H.'s kindness to Mrs. Wilson.

Mr. Wilson was very much affected and completely broke down, the tears pouring down his cheeks.

Sept. 4, 1923. 165

(Later in the week Mrs. Wilson returned to Washington, Bertie driving with her to Providence. Before leaving she wrote C.S.H. a most appreciative letter.)

C.S.H. called up her house the morning she arrived and found she had just arrived. Later she called up C.S.H. to say she did not know he had called her up until later.)

Mrs. Wilson called up C.S.H. and asked him to dine, saying she had fixed the hour at 7 hoping Mr. Wilson would join us.

C.S.H. called at 7 and found Mr. Wilson finishing his dinner.

Spent a half-hour talking with him.
Wilson, President and Mrs. (Cont.)

He seemed very well and in good spirits; he told several very amusing stories, but we did not discuss current events.

Just as he was starting to go up stairs, Mrs. Wilson asked C.S.H. to take a look at their garden from the adjoining room; as it was too dark to see anything, I at once realized that her purpose was to prevent my seeing Mr. Wilson helped out of his chair by his attendant.

A minute later Mr. Wilson followed me into the next room, shook hands with me, and walked out of the room very easily, using, of course, his cane.

Mrs. Wilson, Bolling and C.S.H. then dined. Later I smoked a cigar with Bolling while Mrs. Wilson was helping Mr. Wilson up stairs.

Bolling said Mr. Wilson was gaining physically, that for a long time his man had to go up in the elevator with him, but that now he preferred to go and went alone; that he was most anxious to recover the use of his left arm; that at times he was very emotional; that he usually warned visitors against expressing sympathy or indulging in eulogy, as it rather unnerved him; he referred to my talk with him last week when I so praised Mrs. Wilson and the tears rolled down his cheeks, - to me, however, it was merely an involuntary manifestation of his love for Mrs. Wilson.

Later Mrs. Wilson, Bolling and C.S.H. played pool together, and C.S.H. left at about 10:45 p.m. Sept. 11, 1923. 166, 167

From the talks I have had recently with Mrs. Wilson and Bolling I am satisfied that Mr. Wilson deeply grieves over his situation, and that his acute mental condition of mind makes him fully appreciative of his physical condition.

Mrs. Wilson said he frequently complained that he could not write or work well with only one arm, but she always told him that she could always hold his books for him and help him; that she told him that the loss of his arm was no worse than if he had had it taken off as the result of some accident; she told H.P.H. that she had always cut the leaves of books for him.

C.S.H. suggested Christian Science and Mrs. Wilson said that while not a follower in Christian Science she would only be too happy to have him try it, that she had suggested it, but could not induce him to try it, whether because he believed in predestination or not, she did not know.
Wilson, President & Mrs.

C.S.H. is satisfied that Mr. Wilson is weighed down with grief over his physical condition, and that what he most needs is rousing up so that his strong mind and will will make him well.

Mrs. Wilson said there is no hope of his ever recovering the use of his left arm.

Sept. 11, 1923. 168

Admiral and Mrs. Helm gave Mrs. Wilson and C.S.H. a supper at a little inn just off the Alexandria road, next to Congressman Campbell’s house.

She said Mr. Wilson wanted to buy Campbell’s house, but the agent refused to sell; that later, Campbell heard of this and said that, while the house was not for sale, he would sell it to Mr. Wilson; that by that time they had signed an agreement to purchase their present house; that they were much touched by Campbell’s kindness.

After supper we drove into the city to the Rialto and saw the Green Goddess, a moving picture in which George Arliss took the leading part. Sept. 12, 1923. 169

Mrs. Wilson called up C.S.H. and asked him to dinner and later to go to Keith’s theater.

Mr. Wilson finished his dinner before we went in.

We drove down to the theater entering the door opening on the alley way in the rear; about 100 people were in the alley and greeted Wilson with cheers which could be heard in the theatre.

C.S.H. went in first, taking, on request of Mrs. Wilson, the third seat in the last row nearest the entrance, followed by Mrs. Wilson and Bolling.

The 3 seats to my right and 4 seats in front were unoccupied, the manager having arranged this.

The manager stood directly on Mr. Wilson’s left during the whole performance, and there were several detectives in waiting furnished by the manager.

When Wilson entered the theater the whole audience, — who had heard the cheering outside, — rose to their feet with applause and cries of Wilson! Wilson! until he had taken his seat.

After the performance, the entire audience rose to its feet and remained standing, applauding and cheering until Wilson left the theater.
Wilson, President & Mrs. (Cont.)

In the alley outside a large crowd had assembled, which greeted Wilson with cheering and cries for a speech. Mr. Wilson rose to his feet in the auto and bowed again and again.

C.S.H. would not let them drive him home but walked around towards the front entrance on the way home. He found all the audience were discussing Wilson with evident appreciation, and he heard one woman say to her husband, "I would willingly have given up ten years of my life to see that grand old man again!"

It was a memorable tribute of love and respect.

Sept. 15, 1923. 169, 170

Mrs. Wilson called up C.S.H. and asked him to dine this evening and have a game of pool.

C.S.H. told her of the death of Mrs. Scribbard Hamlin, and it was arranged he should dine next Tuesday at 7 p.m. She put it at 7 so C.S.H. could have a talk with Mr. Wilson.

Sept. 20, 1923. 170

Gov. Harding spent Sunday with us at Mattapoisett and told C.S.H. that he wrote Mr. Wilson asking permission to publish in his book, - the history of the Federal Reserve system, - a personal letter Mr. Wilson wrote him in approval of the Board's warning as to over-investment in British exchequer notes; that Bolling sent him a very brusque note stating that Mr. Wilson was not willing to have the letter published.

Sept. 22, 1923. (Bolling said Gov. W's letter greatly amased Wilson) 173

C.S.H. dines with Mrs. Wilson, who asked him to come at 7 p.m. as Mr. Wilson wanted to chat with C.S.H. before he went up to bed.

Mrs. Wilson took C.S.H. up to the library where he found Mr. Wilson finishing his dinner.

Mr. Wilson talked with C.S.H. for nearly a half hour.

Mr. Wilson was in good spirits and told C.S.H. many amusing stories.

He spoke of the false economy of discontinuing the Mattapoisett Light House, - of which C.S.H. had spoken to Mrs. Wilson, - and said C.S.H. should tell the Dem. Natl. Committee about it.

We talked at length of Lord Birkenhead's recent attack on him, and he said that while Lord B. might be able in some ways, yet in many others he was an unmitigated ass!
Wilson, President & Mrs. (Cont.)

C.S.H. said he really felt grateful to Lord B. for his frank expression of approval of the utilitarian ideas of the 18th century; that he showed clearly that he had never advanced beyond the views of Hobbes and Hume who pictured society as a collection of wild beasts fighting to the death, the gain of one representing the loss to the other, and applying a similar conception to the relations of nations to one another; that Lord B. had furnished a chiasure on background, against which Wilson's views as to the duties of nations to preserve peace stood out clearly and beautifully.

Mr. Wilson asked C.S.H. what he thought of President Coolidge's address on practical idealism.

C.S.H. said he could not follow his reasoning, unless he really meant idealism for others, but practical selfishness for ourselves.

Mr. Wilson said Coolidge gave no sign of any understanding of the subject, in which C.S.H. fully concurs.

Mr. Wilson was very sensitive at the unfair Republican criticism heaped on him and said that sometimes he almost felt as if we should leave Republicans absolutely alone, socially as well as politically.

He sent his warmest regards to H.P.H., Anna, and Mr. Blake.

(see letter of Wilson to C.S.H. on Mrs. Blake).

C.S.H. sees signs of marked physical improvement in Mr. Wilson; his mind has always been keen and alert.

Mrs. Wilson said Mr. Wilson at first was much worried about Italy in relation to the League of Nations, but that Mr. Baruch, who dined with him a few days ago, had cheered him up immensely.

C.S.H. told him the L. of N. was simply suffering from "growing pains" and would come out all right.

He is perfectly improved.

Sept. 25, 1923. 171, 172, 173

Mrs. Wilson, while at Mattapoisett, referred to Rev. Ernest Smith of Washington as a perfect 'snob', always bowing to those he felt to be above him; that she had been his parishioner for many years, but that she had fairly driven him from his church; that just prior to her marriage she was visiting the Wilson family at Cornish, Vt.; that Rev. Mr. Smith wrote her a letter in care...
Wilson, President and Mrs. (Cont.)

of President Wilson asking her to secure some appointment for his son; that she wrote him pointing out the impropriety of his request; that thereupon he replied saying he did not know she was visiting the Wilscons, but thought she was merely visiting in Cornish; that this was a deliberately false statement as the press was full of her visit and Smith addressed the letter in care of President Wilson.

This statement amused C.S.H. as refuting the gossip that Rev. Smith was so in love with her that he begged her to leave the Parish, as he could not control himself to preach while she was present in the congregation!

Mrs. Wilson begged C.S.H. to call up at any time when he wanted to come to dinner, that he would always be welcome. Sept. 25, 1923. 173, 174

Mrs. Wilson telephones C.S.H. to dine and eat some chickens H.P.H. had sent her from Mattapoisett.

When C.S.H. arrived Mr. Wilson had finished his dinner and had gone upstairs to his room, Mrs. Wilson saying he was tired as he had seen some people late in the afternoon.

After dinner Mr. Wilson asked C.S.H. to come up to his room, where he found him playing solitaire, and had a very pleasant talk with him.

Later C.S.H. played pool with Bolling and Mrs. Wilson.

Sept. 27, 1923. 175

C.S.H. called on Mrs. Wilson and she asked him to dinner next Tuesday.

Oct. 4, 1923. 175

C.S.H. prepared a letter to Mr. Wilson praising his Atlantic monthly article.

Oct. 9, 1923. 175

C.S.H. dines with Wilscons and later played pool. Had a fine talk with Mr. Wilson who was in good shape, full of interest and vigor. He is physically improving very fast.

Oct. 9, 1923. 175

Wilson writes C.S.H. a characteristically vigorous letter, in reply to his letter, severely attacking Lord Birkenhead.

Oct. 11, 1923. 175
Wilson, President and Mrs. (Cont.)

C.S.H. called up Mrs. Wilson saying he wanted to come to dinner, but Mrs. Wilson said the general manager of Galt Brothers had just died, and she would be very busy tonight and Wednesday.

She asked C.S.H. to dine Thursday but he could not as he was going to Mattapoisett.

Oct. 10, 1923. 176

C.S.H. and H.P.H. drive to Reddings dahlia farm at Plymouth to see some dahlias the papers said had been named for Mrs. Wilson. Mr. Redding said the statement was not true; that this had been done some years ago by a Waltham grower; that, however, he raised both the Woodrow Wilson and the Mrs. Wilson dahlia but had none at the present time, but would send me some bulbs in the spring.

Oct. 20, 1923. 176

Found note from Bolling that Mrs. Wilson wanted C.S.H. to dine with her this evening.

Dr. Axson and Mr. and Mrs. (Ralph?) Bolling were there.

Mr. Wilson had gone upstairs when C.S.H. arrived, but Mr. Wilson asked him to come up to his room after dinner and they had an agreeable time together for half an hour.

Mr. Wilson had had a headache all day.

Oct. 23, 1923. 176

Mrs. Wilson wrote H.P.H., while C.S.H. was at Mattapoisett, that she was sending her two pure bred Chinese ducks for our farm; that she had fed them before shipping them, and hoped they would reach us safely. We were in great excitement and ordered Balang at once to build a house for them and C.S.H. kept calling up the express company at intervals of every half hour during the day, but no ducks came.

C.S.H. left for Washington and called up H.P.H. from University Club, N. Y.

H.P.H. said screams of laughter said the ducks had come, but they were imitation Chinese ducks filled with salt and pepper.

Oct. 27, 1923. 177

C.S.H. calls up Mrs. Wilson and asks him to dine tomorrow and go to the theater. Oct. 20, 1923. 177
Wilson, President & Mrs. (Cont.)

C.S.H. dines with Mrs. Wilson and Mrs. Helm and later all (except Mr. Wilson) went to a musical play at the theater.

Before we left Mr. Wilson sent for C.S.H. who went up to his bedroom.

Mr. Wilson said that Foley's collection of his speeches pleased him very much.

Mr. Wilson also said that the League of Nations should unquestionably be the great issue for the coming campaign.

Oct. 31, 1923. 177

Mrs. Wilson asked me to dinner for Friday, Nov. 16, but C.S.H. could not accept as he was going to Mattapoisett.

Nov. 14, 1923. 179

C.S.H. met Mr. Wilson at dinner with Admiral and Mrs. Helm; she asked C.S.H. to drive home with her, but he had already accepted Mr. and Mrs. Charles Warren's invitation.

C.S.H. told Mrs. Wilson they had heard Mr. Wilson's armistice day radio message at Mattapoisett, and that it was magnificent, but that it had made the politicians teeth chatter that I felt this was good for them and especially for Mr. McAdoo, as it would show him the necessity for coming out for the League of Nations.

Mrs. Wilson at once replied that Mr. Wilson and she were of the same opinion.

She said McAdoo had often talked it over with her, what he told her he believed in the League and had come out for it years ago, but doubted the expediency of putting it forward prominently in the coming campaign; that if the draft of the Federal Reserve Act had been put in the National Democratic Platform, it never would have been enacted into law, etc. etc.

Mrs. Wilson said Mrs. McAdoo said to her with tears in her eyes, "Don't believe the things you hear and will hear of us!"

Mrs. Wilson spoke very kindly of Gov. Cox as having been courageous in fighting for the League of Nations, saying that he had maintained this attitude since the interview he had with Mr. Wilson at the White House during the 1920 campaign.

C.S.H. believes firmly that Mr. Wilson is opposed to the nomination of McAdoo for President, and that he does not trust him as to the League of Nations. Nov. 21, 1923. 181
Wilson, Present & Mrs. (Cont.)

C.S.H. calls on Mrs. Wilson who was delighted to see him and asked him to stay to sup- per, but C.S.H. had an engagement with Mr. and Mrs. Charles Warren. She then asked him to dine Tuesday, but C.S.H. was to dine with the Belgian Ambassador; also for Wednesday, but he was leaving for Albany on that day.

Mrs. Wilson brought C.S.H. into the library where he had 15 minutes talk with Mr. Wilson.

Mr. Wilson said he should come out openly against any democratic candidate who failed to come out unequivocally for the League of Nations.

Mrs. Wilson brought C.S.H. into the library where he had 15 minutes talk with Mr. Wilson,

Mr. Wilson said he should come out openly against any democratic candidate who failed to come out unequivocally for the League of Nations.

C.S.H. told him he was delighted to hear this.

Nov. 25, 1923.

Mrs. Wilson called H.P.H. and asked UA to line with her. After dinner we went up to Mr. Wilson's bedroom and found him sitting in his dressing gown.

We had a very agreeable 20 minutes with him.

Mr. Wilson spoke with regret of his having telegraphed President Coolidge (when Governor) thanking him for his courage in the Boston police strike.

Bolling said Wilson had written a letter to some friend saying he did not care to read Prof. McElroy's book on Cleveland, as he was sure, from what he knew of McElroy, it would not be well done.

Dec. 4, 1923.

(This was the last time C.S.H. saw Wilson alive.)

Senator Hitchcock tells C.S.H. that Mr. Wilson's address from his house on armistice day was poorly delivered and that his manner was almost imbecile. Dec. 5, 1924.

Vice President Marshall, at dinner at Senator Smullay's, told C.S.H. that he had not called on the Wilsons since they left the White House, so he did not want the humiliation of being turned down and refused admittance.

C.S.H. said he felt sure he would be received if he asked for an appointment. Marshall said he tried three times to obtain an interview with Wilson at the White House, and even written a letter, but all to no avail.

(Mrs. Wilson at Mattapoisett told H.P.H. they felt very sorry that Marshall had not called on them.)
Wilson, President and Mrs. (Cont.)

Marshall said he had arranged with Lord Grey to get the British Govt. to announce that it would accept the Lodge reservations to the League of Nations, and wished to see Wilson induce him to say that if the Senate ratified the Versailles treaty with these reservations, he would send it to Great Britain and not tear it up.

(Marshall was thus working behind Wilson's back and as Wilson had decided not to accept the reservations, it is easy to understand why Wilson, who probably knew what he was doing, did not care to see Marshall.)

Dec. 5, 1923. 184, 185.

Senator Saulsbury, after dinner, was very bitter towards the Wilsons, saying he was disgusted at the Empress Dowager - Tumulty-Grayson combination.

(Senator Saulsbury also said he had prepared a concurrent resolution that all bills, etc. should, in the disability of the President, be sent for signature to Marshall as acting President, but that Marshall would not stand for it.)

Dec. 5, 1923. 185

(Mrs. Wilson told H.R.H. at Matcapoisett that neither she nor Mr. Wilson knew why the estrangement between Mr. Wilson and House had come about.)

Wing, Daniel, 1st National Bank, Boston

Strongly favors Gov. Harding for Gov. of Federal Reserve Bank of Boston.

May 18, 1923. 26

Warburg does not want to give any general expression as to Cuban agency because of his relations with Wing.

May 1, 1923. 103

Attends conference on Cuban agency.

May 7, 1923. 107

Strongly favors designation of Boston. 109

C.S.H. confers with Wing at Federal Reserve Bank, Boston.

Strongly opposes designation of Atlanta as well as Boston.

May 26, 1923. 130

Says if any charge of discrimination is made against Atlanta they will show that Boston can fight. 136
Wing, Daniel (Cont.)

Says that the administration will suffer politically if it turns down Boston for Cuban agency. 136

Asks that National City-Bank agency in Cuba be abolished at once. 137

Says he agrees with Warburg that Federal Reserve banks should not have agencies in foreign countries. 137

C.S.R. asks Wing, "Do you or do you not favor a Federal Reserve Agency in Cuba?"

Wing replied, "Yes, because the status of Cuba, as regards the U.S., is different from that of a purely foreign country." 137

Wolfe

Mitchell tells President Harding that the Federal Reserve Board did not reappoint Wolfe as Director of Federal Reserve Bank because of his bitter attacks on him (circulating the negro blood rumor, etc.)

President Harding said he would have felt very sore had the Board appointed him. April 28, 1923. 98

Wood, General

Wool tariff

Taussig thinks the tariff relation to high prices is irrelevant except as to wool and wools. April 19, 1923. 89

Wyatt, Walter, General Counsel, Federal Reserve Board

Advise Board it has legal authority to loan examiners, without charge, to supervise and assist at state superintendent's examination of state banks. Dec. 9, 1923. 21

Advise that certain paper of cooperative marketing associations can not be classified as agricultural paper, but intimates that on more careful examination he may reach a different conclusion. Dec. 14, 1923. 23
Wyatt, Walter (Cont.)

Advises Board that the best way is to designate both Boston and Atlanta for the Cuban agency; but to arrange by regulation that Atlanta shall appoint an agent to hold its Federal Reserve notes (perhaps in joint custody) while Boston is to manage the agency, buy bills, etc., and Atlanta to pay over its Federal Reserve notes to Boston, receiving the bills bought, and then selling the bills to Boston which will pay for them through the gold settlement fund.

May 28, 1923. 139

Wyatt says if Boston alone held the agency, while it might be possible to work the matter out, there would always be danger of a legal attack; that to appoint an employee of Boston agent also for Atlanta might be construed by the court to be analogous to a Federal Reserve bank appointing another Federal Reserve bank to receive and pay out its Federal Reserve notes, which would violate the law requiring notes to be returned, under penalty for redemption or credit.

May 28, 1923. 139

Board asked Wyatt to prepare a form of letter for Gov. C. to send Gov. Harding expressing these views. 139

Board discussion of Wyatt's memorandum that Elliott wishes to file a brief with the Attorney General on the proper construction of Section 9, Federal Reserve Act.

Board votes to notify Attorney General of this request without comment. June 11, 1923. 148

Gov. Harding accepts Wyatt's draft on Cuban Agency.

June 26, 1923. 157

Board adopts Wyatt's draft of resolution designating Boston and Atlanta, with a few slight changes.

June 27, 1923. 157

Wyatt tells C.S.H. he had casually told Miller of his desire to buy a Ford automobile, and that Miller offered to loan him $500 for this purpose. August - 1923. 162

Wyatt gives to C.S.H. for law committee suggestions for salary increases for his force, but makes no suggestion to increasing his own salary, although, in the past, he has worried C.S.H. with his importunities on this subject.

A few minutes later James came in and said Wyatt should be increased to $10,000.
Wyatt, Walter (Cont.)

C.S.H. believes Wyatt has been talking to James about this behind the backs of the Law Committee.

C.S.H. believes James is interested in this because of Wyatt's opinion on branch banks.

C.S.H. is not prejudiced by the fact that he does not agree with Wyatt's conclusions, but one part of his opinion was so grotesque that the power to establish unlimited branches was inconsistent with the spirit of the Federal Reserve Act which was founded on independent unit banks, etc. C.S.H. feels he was going to absurd extremes to please the majority and egg them on.

(For Wyatt's opinions on branch banks see scrapbooks.

See also C.S.H.'s testimony before the Joint Committee of Congress.)

C.S.H. feels Wyatt has arranged with James representing the majority as to increasing his salary, and has not felt the need for consulting the Law Committee.

C.S.H. and Platt will agree to an increase up to $9000, leaning backward for fear of prejudice. Dec. 11, 1923. 186, 187

Eddy admits he has made a recommendation to Wyatt to fill vacancy caused by dropping Bradley.

Dec. 21, 1923. 195

(Wyatt made no recommendation to the Law Committee as to reducing Bradley's salary or dropping him, although James for Salary Committee recommended his being dropped.)

Wyatt tells C.S.H. that Eddy told him that Faulk, my former Secretary, was not doing good work, and was dead wood.

C.S.H. told Eddy that Faulk had held him that Faulk had done splendid work and that he favored transferring him to the Gold Settlement Fund as Assistant Fiscal Agent as a promotion, which was done.

Wyatt said he heard Eddy say the same to James.

Dec. 21, 1923. 196, 197

Young, Gov. F.R. Bank Minneapolis
Voted in favor of 3½ reserve on special savings accounts.
Mar. 27, 1923. 76

Tuba City branch
McAdoo confers with Board as to Tuba City branch application of the Bank of Italy. Jan. 17, 1923. 38
Yuba City branch (Cont.)

McAdoo and Elliott ask for reconsideration of adverse vote on.
May 22, 1923. 126

Board votes to ask Perrin to review his adverse finding in report on.
May 24, 1923. 127

C.S.H. presents draft of letter to send to McAdoo giving the reason
for the original rejection of. June 1, 1923. 143, 144

Johnson, State Superintendent of Banks, said, if requested, he
would go over Yuba City application again.
June 1, 1923. 146

Dr. Miller moves to reconsider Yuba City application.

Perrin has sent in another report changing his adverse recommendation
into a favorable one.

Perrin, in last report, said there was need of additional banking
facilities; that the national bank there would not be injured;
that, on the contrary, the President of the national bank
favored the application saying he preferred it to establishment
of another unit bank, and that it was inevitable that some new
bank must be established there to take care of the growing
business of Yuba City and Sutter County in which it is established.

C.S.H. said he originally voted against it because of Perrins adversereport and because Gov. Crissinger said he had given his approval.

Gov. C. doubted this, but it was pointed out that it was the
Sacramento branch to which the Superintendent had declined to
give a certificate.

C.S.H. said he felt bound to follow the policy laid down by the state
authorities, and, assuming that the state had given a certificate he
felt bound to vote for reconsideration.

Dr. Miller also spoke in favor of reconsideration.

Motion to reconsider was lost.

Vote:
Aye - C.S.H., Miller, Platt
No - Gov. C., Cunningham, James, Dawes
June 12, 1923. 150, 151
Dr. Miller begged Board to reconsider its action on Yuba City; said that Board originally relied on Perrin's adverse report and the telegram of the national bank; that the Board asked Perrin to review his original report and that he had changed his views, now reporting that there was need of additional banking facilities, and that the President of the national bank favored the application; that refusal to reconsider would place the Board in an arbitrary and ridiculous position and lay it open to a charge of discrimination.

Gov. C. said he did not believe there was need of additional banking facilities there.

Dr. Miller said this was settled by Perrin's finding.

C.S.H. pointed out that Gov. C. had the right, although C.S.H. differed from him, on the facts to find there was no need of additional banking facilities, as Perrin's report was merely evidentiary, and any member could find contra, if he had any evidence or knowledge on which to base his finding.

No action was taken by Board, but it was left for the new committee on examinations, when appointed, to consider.

June 14, 1923. 153, 154

Elliott writes Gov. C. for a copy of Perrin's revised report.

This request had already been declined, and no one would move to reconsider, and the matter was left in abeyance.

July 31, 1923. 159

This is the rankest kind of discrimination, we originally turned down the application because of Perrin's adverse report. Then, on hearing, at Ma
dico's request, we asked Perrin to reexamine the matter. We did not say but plainly implied that if Perrin should change his finding, we would grant the application. Then Perrin changed his finding, said there was need of additional banking facilities and that the national bank favored the application. Then we again disapproved the application. Then Ma
dico and Elliott asked for a copy of Perrin's second finding. We had shown his first report to Ma
dico, but now Board refuses to let him see Perrin's second and favorable report! Such conduct is imbecile.

(End of Volume 7.)