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FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

October 19, 1916.

Mr. J. A. McCord,
Governor, Federal Reserve Bank,
Atlanta, Georgia.

My dear Mr. McCord:

On behalf of the Committee of the Federal Reserve Board on Clearing I inclose herewith copy of a letter which has been received from Mr. George P. Thompson, President of the Wholesale Grocers' Association of New Orleans. The Board has not answered this letter, but our disposition would be to tell Mr. Thompson that he must not expect too much all at once. We find that a good many clearing house associations are disposed to get the full benefit from the service rendered by Federal Reserve Banks in the form of low service cost, yet undisposed to revise their rules so as to pass any of this advantage on to the ultimate consumer.

Under the law it is the duty of the Board to fix a schedule of charges which banks may assess against their patrons, but the Board has felt that this was an authority it did not care to exercise, at least until the new clearing system was working smoothly and banks and bankers had had a full opportunity to revise their charges. Furthermore, we would a great deal rather let the clearing house associations fix charges which might be submitted to us for approval. If, however, we find the disposition on the part of clearing house associations not to take up this matter in the right spirit, the Board will have no other option than to establish a schedule of charges. I am reasonably confident that the matter can be adjusted by you through a conference with the New Orleans bankers, and I will, therefore, ask that you take the matter up and inform me how you succeed.

Yours very truly,

(Signed) F. A. DELANO.