

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

Released for publication in
the morning papers of Thursday,
February 10, 1927.

The Federal Reserve Board announced today the appointment of Mr. Gates W. McGarrah, of New York, as Class C Director and Chairman of the Board of the Federal Reserve Bank of New York and Federal Reserve Agent. In order to allow Mr. McGarrah time to sever his existing business connections and to attend the spring meeting of the General Council of the Reichsbank, of which Mr. McGarrah has been the American member under the arrangement set up by the so-called Dawes Plan of 1924, the Board has fixed May first as the date when Mr. McGarrah will actively assume the functions of the position to which he has been appointed by the Board.

In connection with this appointment the Federal Reserve Board gave out the following statement:

"There is no more responsible or important position in the Federal Reserve Banks than that of Chairman and Federal Reserve Agent at the Federal Reserve Bank of New York. The Chairman of the Board is, in a special sense, the guarantor to the Federal Reserve Board and to the public of the good functioning of his bank. In his capacity as Federal Reserve Agent he is the "official representative of the Federal Reserve Board" at his bank.

"The position is, therefore, not only one of broad and great responsibilities but one which calls for exceptional qualifications. By the terms of the Federal Reserve Act the Chairman must be a man of "tested banking experience." But more than skilled banking judgment is, in the opinion of the Federal Re-

serve Board, necessary to the fullest discharge of the responsibilities with which the Chairman and Federal Reserve Agent is charged. He should be a man who by nature is qualified for the assumption of responsibilities public in their character, in order that the public interest in the way in which the Federal reserve banks are operated may be brought effectively to bear upon the bank's every action and attitude.

"The position calls for a combination of qualifications and qualities in the same individual not always easy to find. There are, however, in most American communities men who are outstanding figures in the banking world and, in addition, enjoy the highest repute for integrity, character and public spirit.

"The Federal Reserve Board feels, after a careful canvass extending over a period of two months, that it has been very fortunate in succeeding in bringing to the chairmanship of the Federal Reserve Bank of New York a man of Mr. McGarrah's qualifications. Mr. McGarrah's experience as a banker in New York extends over a period of some forty years. At the time of the organization of the Federal Reserve System in 1914, Mr. McGarrah was President of one of the largest commercial banks in New York City, The Mechanics & Metals National Bank. He later became Chairman of the Board of that institution, and when it was merged with the Chase National Bank about a year ago he became Chairman of the Executive Committee of the merged institutions. As one of the country's outstanding commercial bankers, Mr. McGarrah's interests brought him into contact with every portion of the United States. Few bankers in New York City or elsewhere have his intimate knowledge, gained on the spot, of every section of the United States.

"The high regard in which Mr. McGarrah is held by the banking community of the State of New York is evidenced by his election in 1923 by the member banks of the New York Federal Reserve District to the position of Class A Director of the Federal Reserve Bank of New York. This position Mr. McGarrah held for a term

of three years under the system of rotation observed by the banks of this District with respect to their banking representatives on the Board of the New York Bank.

"In 1924 under the arrangement set up by the Dawes Plan for a General Council for the Reichsbank having foreign representatives on it, Mr. McGarrah was selected to be the American member. This position is in the nature of an international trusteeship of the highest character and in addition calls for the exercise of broadly based banking and financial judgments. His connection with this important European work has given Mr. McGarrah rare facilities for supplementing his experience as a banker in the United States with an intimate knowledge of economic and financial conditions in Europe and the workings of leading European banking and financial systems.

"Mr. McGarrah's credentials, derived as they are from his wide and varied experiences, his high personal character, and his public-mindedness are of the best and give every promise that the Board, in bringing him into the chairmanship of the largest of the twelve Federal reserve banks and the most important Reserve banking institution in the world today, is rendering a great service not only to the Federal Reserve Bank of New York but to the whole Federal Reserve System. The care and deliberateness with which the Board has proceeded in filling this position is in pursuit of its policy, as opportunity offers, of giving to the public interest in the Federal reserve banks through the three Class C Directors appointed by the Federal Reserve Board, the best and ablest representation it can find. It was with this purpose that the Board recently invited Mr. Owen D. Young to relinquish his position as a Class B Director of the Federal Reserve Bank of New York and accept appointment from the Federal Reserve Board as Class C Director of that institution and Deputy Chairman.

"The Board was led to appoint Mr. Young by substantially the same sort of considerations that led to its selection of Mr. McGarrah, Mr. Young's

position in the community being not only that of a business head of outstanding eminence but that of a man whose interest and abilities are more and more being sought in activities and trusteeships of a public nature.' Such are, in a peculiar degree, the Class C directorships of the Federal Reserve Banks."