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# FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-6142

September 22, 1928.

SUBJECT: Topic for Governors' and Agents'  
Conferences.

Dear Sir:

There are attached hereto copies of self-explanatory letters exchanged between the Federal Reserve Bank of Dallas and the Board, and it is requested that the suggestion referred to therein, of annual meetings between the Members of the Federal Reserve Board and the directors of the Federal reserve banks, be considered at the forthcoming conferences of Governors and Federal Reserve Agents.

Very truly yours,

J. C. Noell,  
Assistant Secretary.

TO ALL GOVERNORS AND  
AGENTS OF F. R. BANKS.

September 18, 1928.

Dear Mr. Walsh:

Receipt is acknowledged of your letter of September 15, with regard to the resolution adopted at the recent meeting of the Advisory Committee of your bank's Stockholders Association, suggesting that a joint conference between the Members of the Board and the directors of the Federal Reserve Banks be held each year in Washington for the purpose of giving consideration to confidential matters which have been brought to the attention of the directors, or of which the Board should have personal and intimate knowledge. The Board has carefully considered the proposal of the Advisory Committee and will be very glad to follow the suggestion that the matter be referred to the forthcoming conferences of Governors and Federal Reserve Agents.

In the meantime, however, should anything develop in your territory regarding which your directors would like to confer with the Board you may be sure that the Board would be very glad to meet with your directors at any time they feel that they have a complaint or problem of sufficient importance to warrant such a conference. At different times the directors of other Federal Reserve Banks have conferred with the Board and we have always assumed that the directors of any reserve bank would feel at liberty to do so whenever they thought it to be necessary. If such a procedure should place too much inconvenience upon the time of your directors, the Board at their request, would be very glad to make arrangements to have Members of the Board meet with them in your own district. The latter procedure might be productive of the best results and incidently it would be less expensive. I want to assure you that the Board would be willing to follow either procedure at the pleasure of your directors.

With kind personal regards, I am,

Very truly yours,

(S) R. A. Young,  
Governor.

Mr. C. C. Walsh, Chairman,  
Federal Reserve Bank,  
Dallas, Texas.

OF DALLAS

September 15, 1928

C. C. Walsh .  
Chairman of the Board  
and Federal Reserve Agent

Federal Reserve Board  
Washington, D. C.

Gentlemen:

The Advisory Committee of the Stockholders' Association, of the Federal Reserve Bank of Dallas, in a meeting held on September 12, 1928, in this bank, passed a resolution suggesting that a joint conference between the members of the Federal Reserve Board, and the directors of the Federal Reserve banks, be held each year in Washington, D. C., at a time to be designated by the Board, for the purpose of giving consideration to any confidential matters which may have been brought to the attention of the directors of the Federal Reserve banks, either through the Advisory Committee of the Stockholders' Association, or by the member bankers themselves, and of which the Federal Reserve Board should have personal and intimate knowledge.

The reasons given by the Advisory Committee for the holding of such conferences are, substantially, as follows:

First - That many member bankers hesitate to submit to the officers of a Federal Reserve Bank any matters of criticism, or complaint, arising out of transactions had between the member banks and the Federal Reserve banks, or the text and application of the law and the Board's regulations. The suggestion being further based upon the opinion of the members of the Advisory Committee, gained through contact with bankers in this district, that 90% of the smaller banks in the district approach the Federal Reserve Bank with a spirit of awe, harboring the thought that its operation is surrounded with an atmosphere of secretiveness and mysticism.

Second - That such member bankers would not hesitate to discuss such problems with the director of the Federal Reserve Bank coming from their respective districts, for the reason that the member banker regards the directors of a Federal Reserve Bank, irrespective of the class which they represent, as his direct representative in his relations with the Federal Reserve Bank, and he feels freer to go to the director in his respective community with any grievance, or misunderstanding, whether real or imaginary, instead of going direct to the officials of the Federal Reserve Bank.

Third - That if such conferences between the Federal Reserve Board and the directors of the Federal Reserve banks were held

the member bankers feel that they would be brought in closer touch with the Board at Washington, through the individual members of the Board of Directors, with reference to all matters arising between the member banks and the Federal Reserve banks.

A suggestion was made that this was the function of the Advisory Council, it being the duty of the Advisory Councilman from each district to present these matters, but the suggestion was immediately offset by the statement that 90% of the smaller banks in a Federal Reserve District did not know that we had an Advisory Council, nor were they acquainted with its relationship between the member banks and the Federal Reserve Board.

Fourth - They also feel that if such conferences can be arranged a much closer contact will be established between the member banks and their own Federal Reserve Bank and the Federal Reserve Board; and that as a further result a better understanding, a more cordial feeling, and a much more satisfactory cooperation, will obtain throughout the districts, as well as the System.

Fifth - That by far and wide a great majority of the member bankers of the Federal Reserve System are strong proponents of the Federal Reserve banks, and of the Federal Reserve System, and heartily endorse the constructive credit policies laid down; that they are strong believers in the efficacy and effectiveness of the economic views sponsored by the System, and that it has proven the greatest piece of constructive legislation that has ever been passed by a National Congress or a State Legislature.

Sixth - That it is the earnest desire of such member bankers, as proponents and advocates of the policies of the System, to cement each year the bonds of union more closely, and in doing so to eliminate, in so far as this may be accomplished, all captious and irrelevant criticisms which have been offered from time to time by opponents of the System.

Seventh - That the desire for these joint conferences between the directors of the various Federal Reserve banks, and the Board at Washington, is prompted solely for the purpose of creating a more harmonious and friendly relation, and a more intelligent understanding of the uses, benefits and responsibilities of the System to the member bankers, and their duties and obligations to the Federal Reserve Bank of the district, to the Federal Reserve Board, and to the profession of banking.

Eighth - It was the opinion of the Advisory Committee that all of the directors of each Federal Reserve Bank should be present at the joint conference between the Federal Reserve Board

and the bank's directors attending the same, at which time they could discuss freely matters and relationships arising out of the respective bank's operations, giving publicity to such information as the Federal Reserve Board might see fit to release.

Ninth - It was the idea of the individual members of the Stockholders' Advisory Committee that if, and when, these conferences are instituted, they should be held separately by the Board with the directors of each Federal Reserve Bank in the System. This, of course, in the event all of the Federal Reserve banks in the System desired to take part in such a conference, would require one conference for each bank in the System during the year, and would necessitate the arrangement of twelve different conferences; but the thought was also suggested that it might be possible that some of the Federal Reserve banks throughout the System might not have matters of sufficient importance to require a meeting every year, but if they did that they should have the opportunity of meeting the Board through their directors and discussing the same.

Tenth - It was also suggested by the Advisory Committee that this matter be placed on the program for discussion at the Agents' and Governors' conferences to be held in Washington November 12-17, 1928.

I assured the Advisory Committee that I would transmit its views in regard to these conferences to the Federal Reserve Board, and I should be pleased to receive your reaction in reference thereto, for the purpose of reporting the same back to the Advisory Committee at its next meeting.

Yours very truly,

(S) C. C. Walsh,  
Chairman of the Board.

CCW/MK