

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, January 25, 1926.

Hon. D. R. CRISSINGER,
Governor, Federal Reserve Board,
Washington, D. C.

DEAR GOVERNOR CRISSINGER: Referring to the appearance of the committee representing the Association of State Bank Supervisors of the United States before the Federal Reserve Board on December 30 last the purpose of this meeting was to discuss a proposed amendment to section 9 of H. R. 2, on line, 21, as follows:

"The Federal Reserve Board, subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto, may permit the applying bank to become a stockholder of such Federal Reserve Bank: Provided, however, That such conditions or rules or regulations prescribed shall not limit or impair the charter or statutory rights and powers of such banks nor shall the Federal Reserve Board impose any conditions or restrictions other than those under which national banks shall operate."

The matter in italic is new.

I gained the impression during the discussion of this subject that it was the view of the Federal Reserve Board that such a provision was undesirable, but apparently the committee representing the Association of State Bank Supervisors was not convinced of the soundness of the views presented to them by the individual members of your board who were present at this meeting, because their insistence on pressing their amendment is manifest.

The purpose of this letter is to ask you if you will not kindly write me the board's objections to this amendment that I may present these views to the Members of the House in such opposition as I shall make to this proposal when it is offered on the floor of the House during the consideration of H. R. 2.

I expect now that the consideration of this measure will be taken up by the House next Wednesday, January 27, and I believe that debate will be concluded on this bill and vote had on the following Wednesday. I am, therefore, hoping to have as early a reply from you as possible.

Very truly yours,

L. T. MCFADDEN.

The CHAIRMAN. With gloved hands and grip of steel I am going to take charge of this situation and ask Mr. Willis to take the stand.

STATEMENT OF HENRY PARKER WILLIS, PROFESSOR OF BANKING AT COLUMBIA UNIVERSITY, NEW YORK CITY

Doctor WILLIS. Mr. Chairman and members of the committee, the reason for my appearing here this morning is a two-fold one. I have been interested a long time with the subjects dealt with in H. R. 2, which is before you, and in a number of other bills that are now pending before one or the other Houses of Congress. I served for two years as expert economist for the House Banking and Currency Committee during the period of the preparation of the Federal reserve act. Then for four years I was secretary of the Federal Reserve Board, and for an additional four years director of research of the Federal Reserve Board and then for a short time prior to my resignation from the system in 1922, I was consulting economist of the board.

During that time the questions which are dealt with in the McFadden bill were almost continuously before Congress, and in one way or another before the Federal Reserve Board, so that I have for a long time had a very keen interest and some contact with those questions.

The immediate reason for my appearing, however, is the fact that about eight months ago I was asked by a group of bankers to