

national banks with a leadership which would be independent of undue influence from other government authority. The Comptroller of the Currency should, in the governmental organization, be the representative and the partisan of the national banks.

"The suggestion for the abolition of the office of the Comptroller of the Currency, or the transfer of the essential functions of that office to the control of the Federal Reserve Board, would at one stroke deprive the national banking system of its independent representation in the fiscal plan of the government. \* \* \* The operation of the national banking system is under the most rigid supervision. When a group of individuals subject themselves to this strict supervision and to the laws requiring a rigid observance of fixed principles, it is to be presumed that they should receive some compensating advantages and that such privileges as they receive should be of a permanent nature and not be taken away from them in a summary manner. The independent representation in the government's fiscal scheme by the national banks was part of the original contract and while, for the good of the country at large, the compulsory entrance of the national banks into the federal reserve system can be justified, nothing can justify their reduction from their former independent status to one of complete subserviency to an institution which is, in its nature, part privately and part governmentally controlled. \* \* \*

*National Banks'  
Representative*

"Assuming that the powers of the Comptroller of the Currency should be transferred to the Reserve Board, or that the Comptroller or someone acting in a similar capacity should be under the direction of the Board, the anomalous condition would be immediately created by which a trustee relationship would be entered into in which the trustee would have a preferential claim against the trust which was administered. With the powers of the Comptroller of the Currency exercised under the direction of or by the Federal Reserve Board, we would have a federal reserve system composed of one group, the state banks, entirely relieved of supervisory regulation and another group, the national banks, subjected to the supervisory regulation of its principal creditor. \* \* \*

*Consequences of  
Transfer*

"The unadvertised but chief function of the office of the Comptroller of the Currency is keeping banks from failing, and not operating receiverships. To accomplish this the federal reserve system is the most valuable instrument conceivable, but to use this instrument for the protection of the banking situation the Comptroller personally and through his examiners frequently approaches the federal reserve banks as an applicant for the extension of credit. Can the Comptroller, in this situation, successfully sit on both sides of the counter and represent the needy bank and protect the assets of the federal reserve bank from which he is trying to borrow? \* \* \*

*Chief Function*

"The office of the Comptroller of the Currency has to be organized for quick and summary decisions. A mob of depositors is never complacent enough to await the deliberations of a town meeting. If the Federal Reserve Board is composed of men of the ability and force of character that have typified this Board in the past, each member in self-respect will insist upon expressing himself and impressing his personality on any proposed methods for relief, and the fire wagon, if it arrives at all, will approach in orderly and dignified fashion after the last wisps of smoke have floated away and the ashes cooled. Please understand that this statement would still be made if absolute assurance could be given that the ablest men in the world would always sit on this Board. 'Boards is Boards.'"