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New York State Bankers Association

Little appears in the reports of the proceedings of the New York State Bankers Association during the mid-twenties as their interest at that time appears to have been limited to whether federal legislation would be passed permitting banks to be taxed by the states at a rate other than that applicable to business in general. This was vigorously opposed.

At the 38th annual meeting of the Association in 1931 a resolution was adopted that "we heartily indorse the proposal made by the President of the United States on June 19 last, for a postponement for one year of all payments on international public debts." (Proceedings, 1931, p. 267). However, a more typical statement appears in the report of the Committee on Federal Legislation which opposed the Muscle-Sheals bill (vetoed by Hoover), because such legislation "would be the opening wedge to Governmental control and operation of all kinds of private business including banking." (Proceedings, 1931, p. 165).

In 1932, with the first introduction of the Glass bill which was enacted a year later as the Banking Act of 1933, the Association protested that it would cause a concentration of power in the hands of the Federal Reserve Board, a politically appointed body upon which member banks have no representation and that security affiliates should not be separated but should be subjected to regulation and examination. (Proceedings, 1932, pp. 78 et. seq.). The opposition to the Glass bill became more intense in 1933. At the mid-winter meeting in 1933 the Association reiterated its objections to political control and separation of security affiliates and, in addition, the Committee on Federal Legislation reported: "Your committee wishes to record its unalterable opposition to the unsound principles involved in the various measures now before the Congress calling for the guaranty of bank deposits. Any governmental guaranty of deposits puts a premium on careless banking which is paid by well-managed banks and experience shows that the plan has failed in the various states in which it has been tried." (Mid-winter Proceedings, 1933, p. 45)

At the annual meeting for 1933 the Committee on Federal Legislation reported: "Another circular was sent out urging that no form of deposit insurance be enacted into law at this time on the ground that it would undoubtedly result in closing a large number of banks which could not qualify and might easily result in a new banking crisis and an interruption of the Administration's reconstruction plans." (Proceedings, 1933, p. 165). In addition, the Committee reported it wrote to President Roosevelt urging that he veto the Glass bill. That message said in part: " \* \* \* any permanent form of bank deposit insurance \* \* \* is unsound in principle in that it places an unfair burden on strong, well-managed banks to pay the losses of those which may be weak or incompetently managed, thus weakening all banks." (Proceedings, 1933, p. 101).

The New York State Bankers Association opposed the creation of the Home Loan Bank. (Proceedings, 1932, pp. 73-75).

In addition, 1932 marked the beginning of a campaign of sniping at the Postal Savings System which continued for many years. In 1932 the Association registered its opposition to an increase in the deposit limit for Postal Savings, (Proceedings, 1932, pp. 76-77). In 1933 they opposed a proposed increase in the maximum balance permitted in postal savings deposits, (Proceedings, 1933, p. 98). In 1935 the Committee on Federal Legislation recommended the gradual liquidation of the Postal Savings System on the grounds that deposit insurance had eliminated the necessity for it, (Mid-winter Proceedings, 1935, p. 28), and later advocated a reduction in the rate of interest payable on postal savings deposits, (Proceedings, 1935, p. 69). Resolutions were passed in 1936, 1937, 1938, and 1939 recommending that the Postal Savings System be eliminated from communities already adequately provided with banking facilities, (Proceedings, 1936, p. 115; 1937, p. 155; 1938, p. 162; 1939, p. 207; Mid-winter Proceedings, 1939, p. 47).

The New York State Bankers Association made an unsuccessful attempt to obtain an exempt status for bank stocks in the Securities Exchange Act of 1934, (Proceedings, 1934, p. 159).

In 1935 the Association adopted a resolution in opposition to the Public Utility Act of 1935. It also sought to include amendments in the Social Security Act of that year which would exempt private pension plans and the employees covered therein, (Proceedings, 1935, pp. 169, 170).

Professor H. Parker Willis of Columbia University addressed the 1935 meeting on the Banking Act of 1935. In that speech he advocated that the banks withdraw from the Federal Reserve system in the event that the Banking Act of 1935 was passed. The following language in the Report of the Committee on State Legislation would appear to indicate that the New York State Bankers Association took a similar view: "If the legislation which is now under consideration in Washington is passed, and if the dangers which many of us think are inherent in it come to pass, it will be a good thing for the country at large, if we in this State have a sound, simple, strong banking structure as a refuge to banks which now have some affiliation with the national system, but may prefer in later days to be simply state banks." (Proceedings, 1935, p. 81).

The general approach to domestic affairs of the Association is shown by statements of its presidents. Raymond N. Ball, questioned the "stability of the prosperity to which we have returned. In spite of the general improvement", he said, "we cannot ignore the paradox of widespread unemployment in the face of increased production; \* \* \* the fact that the government still finds it necessary to borrow heavily to support its program \* \* \*." (New York Times, January 26, 1937, p. 29)

President Frank K. Houston "advocated repeal of the capital gains and undistributed earnings taxes as a means of restoring confidence among business men."

"The business man has been pillorized so long and so much by laws and regulations that he is track-sore and weary. The best thing that can be done is to repeal the capital gains tax and undistributed earnings tax. Both are vicious measures."

"\* \* \* He said the country 'has got to have a free, broad market' in attacking 'too stringent' regulations of the Securities and Exchange Commission." (New York Times, October 22, 1937, p. 33).

He also "declared the greatest need of business now was restoration of confidence. 'Now, least of all, does it need further artificial stimulation. To gain that confidence it needs to be assured that the government does not propose to continue its policy of competition with private enterprises. \* \* \*'" (New York Times, January 25, 1938, p. 1)

The approach of the New York State Bankers Association on monetary policy was stated as follows by a resolution adopted at their mid-winter meeting in 1940: "The Association recognizes that this country with its present un-budget, deficit financing, and easy money positions, is following policies which have in the past always led to trouble. While these

policies arose from an emergency, they have now existed so long that we may become used to them and forgetful of their dangers. Yet, such a course, if carried to its usual conclusion, is a threat to the welfare of all the people, whether employees or employers, on the farm, in the factory, in business or in finance. The Association urges its members and the agencies of government to give constant attention to means by which the policies may be modified and the dangers avoided."  
(Mid-winter Proceedings, 1940, p. 24).