

OKC BRANCH



A NATURAL STATE PRIDE: THE OKLAHOMA CITY BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY



The Oklahoma City Branch office at Third Street and Harvey Avenue is shown in a photo dated 1923, the year the building opened. An addition was completed in 1962.

INTRODUCTION

In creating the Federal Reserve as an institution with broad influence on the nation's banking system, Congress recognized that it was imperative to include a wide range of voices.

One of the most important came from Oklahoma.

Oklahoma Senator Robert L. Owen, one of the nation's first senators of Native American descent, was Senate sponsor of the Federal Reserve Act of 1913. Owen brought to the job strong views on stabilizing the nation's financial system drawn from his own first-hand experiences during the banking panic of 1893 at the First National Bank of Muskogee.

The central bank structure that Owen helped create is one that has been able to adapt over the years, ensuring that local engagement in the central bank remains an essential component of the Fed, even as innovation and technology have remade the financial services sector and the demands of both businesses and consumers. At the time it was created, the Fed's "decentralized" central bank structure was a true innovation.

Since 1920, the Oklahoma City Branch of the Federal Reserve Bank of Kansas City has provided Oklahomans with a direct connection to the nation's central bank. Over that period, the Branch has participated in each of the Fed's mission areas including a role in the payments system, ensuring that banks treat their customers fairly, and contributing to the policy decisions that impact on the interest rates that borrowers pay and bank depositors earn.

Thanks to Owen, there is definitely a part of Oklahoma in the Federal Reserve's foundation.

However, there almost was not a part of the Federal Reserve in Oklahoma.

The marking of the Oklahoma City Branch's centennial provides an opportunity to further explore not only the unique history that led to the Fed's decision to locate a Branch in Oklahoma City – a process that thrust local rivalries and state pride into the spotlight – but also a time to consider the history of the Fed's design with an appreciation of Owen's important role.

It is very much an Oklahoma story.

A HISTORY OF CENTRAL BANKING IN THE UNITED STATES

First Bank of the United States

Alexander Hamilton, the nation's first Treasury secretary, had considered the need for a central bank for a decade or more before finally raising the idea publicly with a proposal in 1790.

His plan called for the creation of a national bank that would serve the public interest and help the country address a debt hangover from the Revolutionary War. The proposal would improve the new nation's creditworthiness by providing a currency, and, it would lend directly to businesses. The bank would also be a privately-held institution, with about 80 percent of it owned by shareholders with the rest of the stock held by the U.S. government.

Although Hamilton's bank would prove to be successful, the Founding Fathers did not welcome the idea. The bank was strongly opposed by Thomas Jefferson, who questioned its constitutionality, and James Madison, who viewed bankers as "swindlers and thieves."¹

Some early Americans openly despised banks, seeing them as tools for a few wealthy individuals to take advantage of the rest of the population. For farmers, the proposed bank was seen as too closely aligned with the financial powers in the Northeast. For many early Americans, the idea of a central bank connected very closely to the issue at the core of the Revolutionary War, as elaborated by Georgian James Jackson:

"What was it (that) drove our forefathers to this country? Was it not the ecclesiastical corporations and perpetual monopolies of England and Scotland? Shall we suffer the same evils to exist in this country?"

When Hamilton said the bank was for "the general welfare," Jackson responded angrily, "What is the general welfare? Is it the welfare of Philadelphia, New York and Boston?"²

Hamilton was able to guide the bank legislation through Congress, but the support came almost entirely from congressmen serving regions north of the Potomac River, while those to the south opposed the proposal. The approved bill then lingered on George Washington's desk. The first president, a farmer who was understandably sympathetic to the agricultural interests, was believed to be strongly influenced by Jefferson's views. Hamilton authored a 15,000-word report about the bank that eventually convinced Washington to sign the bill.

The First Bank of the United States opened Dec. 12, 1791, in Philadelphia with a 20-year charter. When it came up for renewal in 1811, those who had opposed the Bank now held the political majority. The opposition was fueled by some of the same concerns voiced two decades earlier, along with some new issues. For example, some Americans were outraged that British investors held a significant portion of the Bank's stock. Some commercial bankers meanwhile were frustrated because the First Bank was a competitor for deposits. Without Hamilton, killed in his famous duel with Aaron Burr, the Bank had no champion and the charter renewal failed. The First Bank of the United States closed March 3, 1811.

Second Bank of the United States

Almost exactly one year after the close of the First Bank of the United States, the nation was at war with the British in the War of 1812. As the fighting continued, President Madison fell victim to a temptation that Hamilton had feared: the printing of unsupported money that sent the nation's finances and economy into turmoil. As the fighting escalated, state banks, which could issue their own currency at that time, stopped redeeming their notes. The result was a banking panic.

“(A)bout the time the British burned the Capitol and the White House, Madison concluded that Hamilton had been right regarding the need for a national bank, at least in times of crisis,” H.W. Brands wrote in his 2006 book, “The Money Men.”

Again, the idea was hotly opposed.

“This Bank is to begin with insolvency. It is to commence its existence in dishonor: It is to draw its first breath in disgrace,” said Daniel Webster, who was then a congressman.³

The opposition, however, was overcome, and the Second Bank of the United States was approved by Congress in 1816. While larger than its predecessor, with \$35 million in capital compared with \$10 million at the First Bank, the two banks had much in common. The government owned 20 percent of the institution with the rest owned by stockholders, but while stockholders appointed all of the First Bank's directors, the government appointed five of the Second Bank's 25 board members. The Second Bank opened Jan. 7, 1817, with a 20-year charter.

The Second Bank struggled under its early leadership with imprudent, and sometimes fraudulent, lending. It was able to reverse course, however, when Nicholas Biddle, a member of the Bank's Board of Directors who had been appointed by President James Monroe, became Bank president in 1823.

As a member of the Pennsylvania legislature in 1810, Biddle had supported the First Bank, and his politics and economics were both Hamiltonian.⁴ At the Second Bank, Biddle made sweeping changes. Among the more notable: He implemented what was essentially a crude open market operation by buying or selling state bank notes to loosen or tighten credit conditions.

He was also able to eliminate monetary exchange rates between various parts of the country by transferring funds more efficiently. Because the Second Bank also dealt directly with the public, many commercial bankers were once again frustrated by the competition for business. The Bank's most vehement critics believed Biddle's bank was a threat to democracy.

For his part, Biddle initially tried to keep the bank out of politics, but despite his efforts, the Bank found itself in a political fight against a man who was considered a hero to many of the Bank's detractors: President Andrew Jackson.

In his first annual message to Congress, a written report that modern Americans would equate with today's annual State of the Union Address, Jackson referenced the Bank, although its charter did not expire for another six years.

“Both the constitutionality and the expediency of the law creating this bank are well questioned by a large portion of our fellow citizens, and must be admitted by all that it has failed in the great end of establishing

a uniform and sound currency,” Jackson wrote, vowing that he would veto any charter renewal that crossed his desk.

Biddle, with prompting from Henry Clay, who hoped to unseat Jackson and gain the presidency for himself, decided to seek approval on the charter renewal early under the idea that the Bank, not Jackson, held more leverage before the 1832 election. The charter renewal, Bank supporters believed, would either force Jackson to back down on his promised veto or follow through and likely doom his re-election bid with an economy in turmoil.

“If the bill passes and the President negatives it, I will not say that it will destroy him, but I certainly think it will, and moreover, I think it ought to,” Biddle wrote.⁵

The bill narrowly passed the Senate while getting through the House somewhat more easily. In both cases, opposition was strongest in the West and South, which were the farthest removed from the Bank and where suspicions about its influence were the highest.

Jackson received the renewal bill July 4, 1832. Vetoes were rare – the first six presidents had vetoed a combined total of only 10 bills, but Jackson had done that many on his own. The president was not intimidated. The Bank bill was promptly vetoed and, in a surprise to Biddle and Clay, Jackson easily regained the presidency. The Second Bank’s service as the central bank of the United States was finished.

A NEW CENTRAL BANK

The end of the Second Bank had substantial consequences for the national economy.

Between 1834 and 1836 the money supply grew at an average annual rate of 30 percent compared with 2.7 percent annual growth in the three previous years.⁶ The result was a speculative bubble in land and commodities that burst with the Panic of 1837. A depression followed, lasting until 1843.

“(Jackson) professed to be the deliverer of his people from the oppressions of the mammoth – but instead he delivered the private banks from federal control and his people to speculation,” economic historian Bray Hammond later wrote.⁷ “No more striking example could be found of a leader fostering the very evil he was angrily wishing out of the way.”

The 1837 panic was the first in a cycle of panics that regularly hit the United States in the years that followed, including notable events in 1873 and 1884. However, while those events were the result of East Coast banking issues, a crisis in 1893 emerged to a significant degree in the Midwest and Western United States that was a particularly important event in the life one of the Fed’s Congressional founders.

Robert Owen, a Cherokee citizen, was born in Virginia but came to what was then Indian Territory while still a young man after the death of his father.* Before he became one of the nation’s first Native American United States Senators, Owen had a lengthy and varied career in the region that would become Oklahoma. He briefly taught school, studied law and gained admittance to the bar. He served as head of the United States Union Agency for the Five Tribes, was involved in real estate and edited a newspaper. In 1890, he was founder and president of the First National Bank of Muskogee.

He was at the bank’s helm as the 1893 crisis unfolded. At a time when America was in the midst of an economic downturn and increasing loan defaults by borrowers, bank depositors in the West and Midwest became increasingly fearful of bank failures. They responded by withdrawing their funds, causing bank runs in several communities. To meet the withdrawal demand, the affected banks, in turn, withdrew funds from accounts they held in the nation’s reserve cities. The chain of events put the nation’s entire banking system at risk. More than 300 banks suspended operations over a one-month period in the summer of 1893.

In Muskogee, Owen saw his bank lose about half of its deposits but survive the storm.

“(T)he first National Bank of Muskogee is one of the safest banking institutions in the country,” a local newspaper reporter wrote in 1894.⁸ “During the panicky times last year when national banks were going up like chicken houses in a cyclone, Muskogee’s bank was perfectly solid and safe.”

For Owen, the panic “demonstrated the complete instability of the financial system ... and the hazards which businessmen had to meet under a grossly defective banking system.”

Owen, who was becoming increasingly active politically, visited central banks in England, France, Germany and Canada to learn about their structure and operation. By 1900, when he was stepping down as the bank’s president, he published some ideas about how the United States might utilize systems similar to those in other countries to avoid a future banking crisis.

*For a more comprehensive review of Owen’s role in creating the Fed see: Wilkerson, Chad R. “Senator Robert Owen of Oklahoma and the Federal Reserve’s formative years.” *Economic Review*. Federal Reserve Bank of Kansas City. Q3, 2013. pp. 95 – 117.

Owen was elected to the Senate in 1907, the same year that the United States was in the midst of another financial panic. At the time, the United States was the only one of the world's major financial powers without a central bank. During this crisis, finance mogul J.P. Morgan stepped in and organized his friends to make investments and arrange lines of credit to stabilize the economy – essentially functioning as a central bank in many regards. It was in the aftermath of this crisis that Congress, recognizing that the nation could not be in a position where it was reliant on wealthy individuals to stem an economic and financial crisis, embarked on what would become a multiyear process that would eventually lead to the creation of the Federal Reserve.

The Road to the Federal Reserve

The history of central banking in the United States provided lawmakers with some pretty strong evidence that they needed to structure the bank in a way that assured broad representation and mitigated the risk of potential abuse.

While other countries had successful central banks that operated under tightly consolidated authority, those models would not work in the United States. Americans were much less trusting of centralized authority than many of their European counterparts. Additionally, the broad and diverse U.S. economy presented a potentially wider range of economic and financial challenges than might occur in a geographically smaller nation.

Recognizing the uniquely American demand for a system with checks and balances, congressional leaders, including Owen, who was now head of the new Senate Banking Committee, began crafting the structure of an innovative central bank.

Owen's ascension to the head of the important Senate committee might be traced to something he did as a rookie senator when he upended Senate tradition in the aftermath of the 1907 crisis. Generally, a new senator was expected to observe more than participate. Instead, Owen gave a lengthy speech critical of some of the banking reforms under consideration at that time. In his remarks, he talked about ideas he had been encouraging since 1900 – well before he was in the Senate – that he believed could have prevented the 1907 crisis.

Although he touched on various topics, a significant part of what Owen was describing was a mechanism for providing national deposit insurance, something that would happen more than 20 years later with the creation of the Federal Deposit Insurance Corp. in the 1930s.

The lengthy and detailed speech impressed not only many of Owen's Senate colleagues – some responded with applause – but also congressional observers among the press, including John Corrigan Jr., a longtime Washington, D.C., correspondent for the *Atlanta Constitution*, who wrote:

“Financial legislation ... is difficult to handle in an interesting or engagingly instructive way. It is as full of technicalities as the report of a tariff commission, and there are more pitfalls in which the unwary and uninitiated may plunge ... than there are vents in a plain infested with prairie dogs. Quite a number of senators – and this must not be mentioned above a whisper – who have risen in their place to submit a few remarks upon the subject of finance, have ingloriously fallen down and cracked their senatorial dignity.”⁹

Importantly, Owen stressed that while the welfare of a bank and a depositor are both important, there was a broader problem that must be addressed to stabilize the financial system. He told his Senate counterparts:

The “real question to be considered is: The prevention of panic; the protection and promotion of our national commerce; the firm establishment of stability in business affairs; the maintenance in active operation of the productive energies of the nation.”¹⁰

In later working on the Federal Reserve Act, Owen was involved in the effort to address many of these concerns.

The nation’s new central bank would not be an isolated and remote institution in Washington, D.C., but instead include a network of regional banks, each operating under the leadership of local boards of directors. Oversight would come from a government agency, the Board of Governors of the Federal Reserve System, in Washington, D.C. It was a unique combination – a “decentralized” central bank that blends both public and private control in a reflection of the nation’s checks and balances system.

“One of the arguments for decentralization was the necessity of ensuring the representation of local interests. A second argument was the fear that big bankers would capture the operation of a centralized system,” economist and historian Robert Craig West later wrote.¹¹ “The point was made that the banks should have as much information about local business conditions and the member banks as possible. Better credit decisions concerning any local paper or the needs of the banking community would be the result. Such familiarity would make decisions about discount rates easier and would allow better control of the local money markets.”

The founders recognized that this network of regional banks was an essential element in building and maintaining trust in the institution. The bank’s long-term success required a structure sharing responsibility and power broadly instead of isolating authority within the government or along Wall Street.

In the words of Carter Glass, House sponsor of the Federal Reserve Act:

“In the United States, with its immense area, numerous natural divisions, still more numerous competing divisions, and abundant outlets to foreign countries, there is no argument, either of banking theory or of expediency, which dictates the creation of a single central banking institution, no matter how skillfully managed, how carefully controlled, or how patriotically conducted.”¹²

President Woodrow Wilson signed the Federal Reserve Act on Dec. 23, 1913. The legislation created a central bank comprising a unique network of Banks serving local regions, or Federal Reserve Districts, with national coordination by a Board of Governors in Washington, D.C.

Local Involvement

The system presented the nation's communities a unique opportunity to play an important role and many were eager to participate.

However, when it came to the details of establishing the Federal Reserve System's regional map, the legislation offered relatively little direction. For example, as it related to locating the regional Banks, both the cities where they would operate and the regions they would serve, the Act devoted only about 300 words – essentially a lengthy paragraph that made just a few key requirements:

- There would be between eight and 12 Federal Reserve Districts.
- The Districts would “be apportioned with due regard to the convenience and customary course of business.”
- A Reserve Bank Organizing Committee, comprising the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, would create the Districts and designate “Federal Reserve cities” where the regional Banks would be located.
- The Act gave the committee a deadline to complete their work “as soon as practicable.”

To sign the Act, Wilson delayed his departure for a Gulf Coast vacation for several days while Congress worked to approve the legislation. A similar urgency was exhibited by the Reserve Bank Organizing Committee. With Wilson still considering nominees for Comptroller of the Currency, the Committee was a two-member panel, but it quickly forged ahead with Agriculture Secretary David F. Houston and Treasury Secretary William G. McAdoo holding their first informal meeting on Christmas Day at McAdoo's Washington home. The Committee's first formal session was held the following day at the Treasury.

“We do not propose to let any grass grow under the feet of the organization Committee,” McAdoo told a reporter. “We are going at these problems carefully but quickly.”

The pressure to complete the task quickly only compounded the already difficult question of how to divide the country.

“Nothing had aroused such scorn and ridicule, nothing had been so fiercely fought in Congress, nothing had so generally been pronounced impossible, as the division of the country into several banking districts in each of which there should be a separate and independent institution,” Henry Parker Willis wrote in his 1923 book “The Federal Reserve System, a history of the creation of the Federal Reserve.”

“On no point had there been sharper controversy than as to the issue whether Banks should be four, eight, 12 or some other number. Yet this politically contested issue, and the much more difficult problem of how to construct the several banking districts, were now to be quickly disposed of by a Committee which had scant time for theoretical inquiry or practical observation.”

Twelve Districts

Although the number of Reserve Districts was hotly debated prior to the Act's approval, the issue was among the first, and perhaps the easiest, for the Committee to resolve.

It “became obvious that if we created fewer banks than the maximum fixed by law, the Reserve Board would

have no peace till that number was reached,” Houston wrote.

Ballots were sent to 7,741 national banks that had formally assented to the provisions of the Federal Reserve Act asking each their preferences for Reserve Bank cities. The vote, however, was only one component in determining the Reserve Bank locations and the Federal Reserve Districts. The Committee appointed a Preliminary Committee on Organization, headed by Willis, to address several issues related to the organization of the Federal Reserve, including the drawing of some preliminary District maps.

Meanwhile, the Committee embarked on a tour of the United States under a travel schedule that was aggressive even by modern standards. During a five-week span, Houston and McAdoo logged 10,000 miles by train, convened hearings in 18 communities and heard presentations from 37 cities. At the end of the tour, they held 5,000 pages of testimony. While it was a daunting task, from a logistical standpoint the tour was far simpler than inviting hundreds of the country’s banking and business leaders to Washington, D.C., for hearings. The tour could also be scheduled on short notice with the contingent embarking on their trip only a few weeks after the legislation was passed.

The Committee hoped the meetings would be tightly focused on banking and business relationships throughout the country. In announcing the hearing schedule, the Committee said it sought information related only to three key points:

- Geographical convenience, including both transportation and communication.
- Industrial and commercial development, including a consideration of the movement of commodities and business transactions.
- The established custom and trend of business under the existing system of bank reserves.

“Purely local sentiment and pride must yield to the common good in order that the system itself may accomplish the purposes for which it was designed, namely to secure to the business of the country the elastic system of credits and the stability of conditions so long imperatively demanded,” the Committee wrote.

Generally, these events involved officials from local clearing house associations, the entity that facilitated clearing and settlement of transactions among banks. The managers of these institutions at the center of the nation’s payment system were perhaps the best positioned to understand regional financial relationships – a key issue in the eyes of the Committee. However, the hearings received widespread media attention, fueling public speculation about the Committee’s eventual selections and also likely influencing the tone of the discussions in many cities. As a result, while the Committee wanted to talk about business and banking relationships, they often found themselves involved in something similar to what occurs when municipalities court a professional sports franchise or a corporate headquarters.

“There was a vast amount of state and city pride revealed to us in the hearings; and to hear some of the speeches, one would have thought that not to select the city of the advocate would mean its ruin and that of their territory,” Houston later wrote.

The media also criticized the behavior of local civic boosters across the United States.

“The hearings of the Reserve Bank organizers, generally speaking, have been more remarkable for the local jealousies they have disclosed than for the perception that there was anything of national significance in the new departure,” *The New York Times* wrote in an editorial.

In an attempt to return an appropriate tone to the hearings, McAdoo said several times publicly that the selection as a Reserve Bank city was not as important to future economic development as some citizens appeared to believe. The issue also was touched upon later in a statement issued by the Committee days after their selections were announced.

“It became clear in the hearings that comparatively few people realized, or seemed to realize, what the Act was intended to accomplish; what the nature and functions of the Reserve Banks were to be; and how little change would occur in the ordinary financial relations of the communities, the business establishments and the individual banks,” the Committee wrote.

In his book, Willis, who went on to become the first secretary to the Federal Reserve Board, said would-be Federal Reserve cities “saw in the new banking system, a means of self-aggrandizing or self-advertising.

“Much of the testimony and many of the briefs that were filed read like land or travel prospectuses in which the good gifts of Providence to the different parts of the country were enumerated in the most glowing colors. The political aspects of the game soon took precedence of other considerations and the question became fundamental how to satisfy the greatest possible number of the places which were demanding the assignment of a Bank.”

Oklahoma bankers strongly favored aligning their institutions with a regional Federal Reserve Bank based in Kansas City. W.S. Guthrie, president of the Farmers’ National Bank of Oklahoma City, told the Committee that a local survey found around 80 percent of the state’s banks backed Kansas City as the regional headquarters. That support extended as far south as some communities near the Texas border, which favored Kansas City over Dallas, a view that aligned with that area’s established banking relationship.

Oklahoma Divided

Unexpectedly, when the Committee unveiled the 12 Federal Reserve Districts in April 1914, Oklahoma was a state divided. Counties north of the Canadian river were in the Tenth District with the headquarters Federal Reserve Bank in Kansas City, while 34 counties south of the river were placed in the Eleventh District, which was served by the Dallas Fed.

To understand why the Committee may have made this decision, and why it was especially troubling to Oklahoma bankers, requires an understanding of the financial system’s mechanics during this period.

In the mid-1800s state and federal officials began requiring banks to hold an amount of their funds in reserve to meet unexpected withdrawal demand in hopes of trying to prevent exactly the type of crises that Owen endured in 1893. Banks outside of the major cities, often referred to during this period as “country banks,” could hold some of these reserve funds with big banks in larger cities, or so-called “reserve cities.” A level above the reserve cities in the era’s banking hierarchy, and holding even larger amounts of reserves from the nation’s banks were New York City, Chicago and St. Louis, which each had an especially high concentration of banking capital and were considered “central reserve cities.”†

In some ways, this pre-Fed system provided the Committee with a head start on their work – New York, Chicago and St. Louis were already established in the financial system as key reserve cities – but in other ways it may have made things more complicated. Perhaps the most obvious problem is the close geographical proximity

†In addition to providing a place to store reserves, accounts held at banks in these cities also played an important role in efficiently handling interbank payments.

of Chicago and St. Louis. To a degree, the Committee was thus working around the well-entrenched central reserve cities, while respecting the nation's other established banking and business relationships, and also trying to insure that each District was home to a substantive portion of the nation's banking resources.

Some insight on the resulting difficulties can be found in the Committee's report, which talks about some of the unique issues presented in different areas of the United States. Much of the report talks about issues related specifically to the decisions not to locate Federal Reserve Banks in Baltimore and New Orleans – two cities that many expected as likely Reserve Bank cities. In reading this discussion, it becomes apparent that the entire process of District drawing was a bit like attempting to solve a Rubik's Cube – the colorful and popular 1980s combination block toy: Focusing too much on trying to solve only one part of the puzzle creates any number of problems in other areas.

The Committee report does not specifically explain the decision to divide Oklahoma, but the data does make it possible to draw some assumptions. In exploring this decision, it is necessary to keep in mind that the banking environment of this earlier period was substantially different from the one we find a century later. One example of this can be found by focusing on Dallas specifically. At the time of the Fed's creation it was a far smaller city than it has since become. In terms of banking, of the 37 United States cities that hoped to become home to Federal Reserve Banks, Dallas ranked in the bottom half in any measure of banking activity the Committee would have considered. In general terms, deposits, loans, and capital and surplus were all about one-half of the levels in Kansas City. And Kansas City, in turn, while a substantial business hub particularly as it pertained to rail, was significantly smaller in banking activities than many other cities on the East Coast.

In drawing the District lines nationwide, the Committee was generally successful in balancing the allocation of banking resources to the degree that it was possible among the various Districts. By dividing Oklahoma, the Committee essentially made both the Tenth District and the Eleventh District the same size from a banking perspective. Moving all of Oklahoma into the Tenth District, however, would significantly distort that balance. While there are some inconsistencies in the reporting from this era, documents suggest it is likely that more than 140 nationally-chartered banks were in the southern half of Oklahoma. These banks were important in the Committee's analysis because, unlike state chartered banks, national banks were required to be Fed members and were important to insuring the system's success at the time it opened for business. The southern Oklahoma banks, with the state divided, accounted for nearly one out of every five nationally-chartered bank in the entire Eleventh District. Viewed in this light, the Committee's decision is understandable when the focus is on launching a new entity with a hopes for long-term viability.

That such a relocation would distort the size of the two Districts, or potentially introduce some type of new unknowable risk, was of no concern to most Oklahoma bankers. In determining the Tenth District boundaries, the Reserve Bank Organizing Committee appeared only to be upending some of Oklahoma's already established banking relationships. Across southern Oklahoma, most of the banks had reserve accounts with banks in Oklahoma City, which was in the Kansas City Fed District, or with Kansas City institutions directly. Meanwhile, few had established relationships with Texas banks. However, because of the new Federal Reserve District boundaries, some of these banks – roughly half the total number of banks in Oklahoma – would now have to establish reserve accounts in Texas. There was a concern that the funds necessary to create the accounts were most likely going to be withdrawn from existing accounts, particularly in Oklahoma City.

“Bankers in the southern part of the state were . . . almost dumbfounded,” by the initial boundary lines, W.B. Harrison, secretary of the Oklahoma Bankers Association, told a reporter. “A circular letter was sent to every bank in the Dallas section of the state asking what they thought about it. Replies poured in to the Oklahoma City Clearing House and this office in great volume, practically all of them bitterly denouncing the decision and promising to do anything possible to effect a change.”

Within a few weeks, the Oklahoma Bankers Association membership, under Harrison’s leadership, unanimously adopted a resolution to appeal for a redistricting that would place all of the state in the Tenth District. In addition, bankers in many of the Oklahoma counties assigned to the Dallas Fed District immediately appealed directly to both Federal Reserve officials and Owen’s Senate office for help. The Oklahoma senator also voiced his own concerns about the state being divided.

“(T)hey desire their clearings with each other . . . pass through an Oklahoma clearing point,” Owen wrote in a letter to the secretary of the Reserve Bank Organization Committee. “They have a natural state pride which is very powerfully felt in Oklahoma, and moreover they believe that the commercial interests of Oklahoma as a state will be much better conserved by clearing through an Oklahoma point. In this I very strongly sympathize with them, and urgently insist that the integrity of Oklahoma banking territory be not impaired by this division of the state.”

As Owen’s comments imply, some of the anger over the initial boundary lines was largely symbolic. From a structural perspective, there was nothing preventing banks from maintaining existing relationships, although media articles from the era show this was an area of some confusion. Jerome Thralls, manager of the Kansas City Clearing House, a key figure in establishing the Kansas City Fed and perhaps the era’s most knowledgeable person about the region’s banking relationships, expected that in most cases the country banks would use excess reserves held in their own vaults to establish Fed accounts.¹⁵

Regardless, today, the letters from south Oklahoma bankers provide some interesting insight into aspects of banking and the economy in the region during this period. For example, one bank processed an extremely large number of checks related to the Kansas City Southern railway, which would still have to move through Kansas City, and illustrated the importance of rail traffic. Others indicated that they had not established previous relationships with Texas banks because of issues of competition which emerged in areas such as lending for cotton planting in both states.

“We have not had, and do not have, and never will have any use for an account in Texas,” the cashier of Oklahoma State National Bank in Clinton wrote to the Reserve Bank Organizing Committee.¹⁶

Harrison, in a letter to OBA members, expressed some concern that, with the way the District lines were drawn, a divided Oklahoma would never merit a Federal Reserve Bank Branch office in the state.¹⁷ Several bankers noted this concern in their letters to Owen and Fed officials.

After a hearing on the issue, the Fed’s Board of Governors approved the banker request, moving all but eight counties in Oklahoma’s southeastern corner to the Tenth District in May 1915. The change affected 321 Oklahoma banks, including both those with state and national charters.¹⁸ With the District lines drawn and the headquarters offices chosen, the issue of establishing branch offices to further improve local connections across large geography was about to begin.

¹⁵In 1984, all of Oklahoma became part of the Tenth District with the reassignment of eight counties in the state’s southeast corner following a similar process of bankers petitioning for the change.

WELCOME TO OKLAHOMA

While some of the arguments for placing all of Oklahoma within the same Federal Reserve District were clearly valid – for example, much of south Oklahoma’s business trade at the time was demonstrably with cities to the north – others were at best a stretch. Among the latter category was an argument some made that Oklahoma, which had only gained statehood seven years earlier, might never achieve its full economic potential if it was split between two Federal Reserve Districts. One big problem with that argument: at the time the Oklahoma economy was already flexing its formidable muscle.

Few areas in the United States have a history as complex and diverse as Oklahoma. The region was already home to Native Americans when tribes from other areas of the United States were forced to relocate to what was known as Indian Territory beginning the Indian Removal Act of 1830. Although social structures and practices varied among the tribes in such areas as land ownership, the area’s cotton and livestock production was substantial before the Civil War. After the War, railroad construction, white settlement and the land runs starting in 1889, caused a growth in timber and coal mining activity in addition to agriculture. Although Oklahoma oil exploration predated the land runs, the industry began to boom around the dawn of the 20th century with notable discoveries, including the Red Ford Field in 1901 and the Glenn Pool Field in 1905, putting what was then a nearby frontier town, Tulsa, on a fast track to becoming the proclaimed “Oil Capital of the World.”

Thus, while it was apparent to Oklahomans that the region would eventually merit a Federal Reserve Bank Branch, the specific location would present an issue for some time.

Nationwide, initial speculation about which cities might be home to Branch offices for the nation’s regional Federal Reserve Banks started as soon as the Reserve Bank Organizing Committee announced the boundaries of the 12 Federal Reserve Districts on April 2, 1914. Although it would be another three years before the Federal Reserve System began the widespread opening of Branches, an article about the characteristics of the Tenth Federal Reserve District published by *The Wall Street Journal* said two Branch cities were apparent: Omaha and Denver.¹⁹

The situation in the southern part of the District, however, was a bit more vexing. *The Wall Street Journal* article listed three possible Oklahoma cities that could be contenders: Oklahoma City, Tulsa and Muskogee; as well as one on the other side of the state line: Wichita, Kansas.

The Branch Question

Overall, the issue of Branches raised a somewhat difficult question for the Fed. While the public may have expected to see Branch locations opening almost immediately after the Federal Reserve System became operational, the new regional Banks were uninterested in additional offices and taking on increased costs.

The first Federal Reserve Bank Branch office opened Sept. 10, 1915, in New Orleans – a city that many were surprised was not selected for a regional headquarters. The Branch of the Federal Reserve Bank of Atlanta was almost immediately successful, according to the Federal Reserve Board’s 1915 annual report. The report, however, follows its comments about New Orleans with a paragraph suggesting Branches would not be viable elsewhere in the near future:

“Investigation and experience have seemed to show that, at least for some years to come, the organization of Branches with completely equipped offices, vaults, and the like, and with a full staff of salaried officials, will be too heavy an expense for most of the Reserve Banks.”

That position changed in the following years as the nation's economy and financial system evolved. After the Federal Reserve Act was amended to clarify some of the Branch structural issues in June 1917, the requests for Branch offices then began to flow into the Fed.

Omaha and Denver both requested Branches in 1917. Omaha, with a long history as an important rail hub and financial center, had made a strong argument as a possible Reserve Bank city in a 1914 presentation and the city's Branch request was approved first. The Omaha Branch opened Sept. 4, 1917. It was followed by the Denver Branch, which opened July 14, 1918.

Cities in the District's southern region had also asked for a Branch in 1917, but they had been largely set aside. This may have been due in part to the idea of waiting to see which one emerged as a true banking and economic hub. At the time, Oklahoma was a young state. In 1920, even the combined populations of Oklahoma City and Tulsa were still only about 85 percent of Omaha's population and only a little more than 60 percent of Denver's.

But now, it would finally be time for Oklahoma bankers to make their case.

THE FED COMES TO OKLAHOMA

As *The Wall Street Journal* years earlier had suggested, Oklahoma presented the Kansas City Fed with a unique challenge in terms of locating a Branch office. Unlike other parts of the District, there was not a single clear choice nor one that generated support from all of the area's bankers. Instead, bankers in four communities felt their cities had at least some claim to a Branch office. The competition would spotlight regional rivalries, include some amount of intrigue and extended longer, and with more drama, than anyone might have preferred.

Perhaps sensing that it would be an active competition, some cities started to organize quickly. Around the same time that *The Wall Street Journal* article was hitting the printing press, Tulsa was trying to get a jump on the process. Tulsa bankers drew up a petition formally requesting a Branch within days of the Reserve Bank Organizing Committee announcing the District boundaries in 1914 despite the fact that it was not apparent at that time even where such a petition could be sent.²⁰ At the same time, Muskogee bankers also discussed organizing their own similar request, but finally decided it was "inadvisable at this time to further muddy the water by presentation of claims for the establishment of branch banks," until the System was better established.²¹

Later, when some of the Federal Reserve Act issues related to establishing Branches were resolved in 1917, Omaha and Denver were not the only Tenth District cities requesting local Fed offices. Bankers from Muskogee, Oklahoma City and Tulsa also all submitted requests to the Kansas City Fed and Tulsa bankers even reached out to Fed officials in Washington, D.C., on more than one occasion.²² While the details of any deliberations are unknown, the Oklahoma cities got at least some consideration at that time, which resulted in Muskogee being eliminated from the process, according to a comment from Bank President Jo Zach Miller Jr. to a Muskogee reporter.²³ The Kansas City Fed also made it clear that the issue would be resolved only after Omaha and Denver were open for business.

If Kansas City Fed officials hoped the additional time would change the environment to the point where one city would become the apparent choice or one city's bankers would back out, those hopes were dashed. Instead, it may have only become more complex.

In 1919, Bank officials again received requests for a Branch from bankers in both Oklahoma City and Tulsa, as well as a request from a new entrant in the competition: Wichita, Kansas.

Around the same time that these requests were being submitted, Carter Glass heightened the tension, although perhaps unknowingly. The House sponsor of the Federal Reserve Act was now U.S. Treasury Secretary and, much to Owen's chagrin, sometimes referred to as the father of the nation's central bank.

In April 1919, Glass visited Oklahoma City where he gave a luncheon address to the Chamber of Commerce. In addition to discussing War financing and trying to drum up interest in what would be the final Liberty Loan bond campaign to finance World War I, Glass also talked about the Federal Reserve. At the time, the Treasury Secretary as an ex officio member of the Fed's Board of Governors and Glass did attend some, but not all, Board meetings. His insight on the nation's central bank was often welcomed by public audiences eager to learn more about the still young central bank. In Oklahoma City, it appears that Glass may have been asked about a possible Branch in the city, his response: "I hope that Oklahoma City is successful in the fight."

[†]Throughout the Fed, the job titles for senior officials have changed since 1914. For the sake of clarity, all positions are identified by their modern day equivalents.

The press jumped on the comment. That evening's edition of the *Oklahoma City Times* arrived on doorsteps with a massive banner headline proclaiming "Glass Favors Reserve Branch Here."

Against this backdrop, the Kansas City Fed's Board of Directors scheduled a hearing for July 24, 1919 to hear presentations from all three cities in the White Room of Kansas City's Baltimore Hotel.**

The event was not lacking for drama.

"With all the energy of auctioneers, Tulsa, Oklahoma City and Wichita ran up their bids yesterday for the favors of the district Federal Reserve Board," reads coverage of the event in the July 25, 1919 edition of *The Kansas City Journal*.

Each of the presenters fell victim to the same issue that had plagued numerous others hoping to win one of the 12 regional Reserve Banks in 1914. Rather than a fact-heavy discussion of regional banking and business relationships, the presenters focused many of their remarks on explaining how their town was superior to the other two. The competition between Oklahoma City and Tulsa was particularly acrimonious with even a Nebraska reporter who was on hand noting that the two Oklahoma cities "went at it tooth and nail."²⁴

Oklahoma City bankers noted that many of the state's banks supported the idea of a branch in their city and that, unlike Tulsa, Oklahoma City was centrally located within the state. The Tulsa bankers, meanwhile, talked about their city's growth, its role in world oil markets and the need for the type of oil financing expertise found only in Tulsa.

Oklahoma City had a larger population.

Tulsa had more wealth.

Oklahoma City had better rail access.

Tulsa had a better relationship with Kansas City.²⁵

Wichita bankers, after watching this battle, took a third track, arguing that any economic activity in Oklahoma City or Tulsa was only stopping there briefly before continuing "on the way to Wichita," which meant that their city was the most appropriate choice.

After hearing the presentations, the Bank's Board of Directors took up the issue during a Sept. 25 meeting. During the session, Fed Director Harrison W. Gibson of Muskogee introduced a motion that would recommend to the Fed's Board of Governors in Washington D.C. that one of the two Oklahoma cities be selected as the location of a new Tenth District Branch office. The motion was supported by Board Chairman Asa E. Ramsay, a Muskogee native, and Col. F.W. Fleming of Kansas City, but failed with the Board's six other members voting against. The vote was followed by a motion from Director Thomas C. Byrne of Omaha, not to open a Branch in Oklahoma at all. It was approved over the objections of Gibson, Ramsay and Fleming.

According to an early but unpublished Bank history, the motion to reject all of the cities was in part a response to the presentations that "were based largely upon their claimed superiority over other contending cities, whereas the (presentations) should have been based upon the commercial fitness to serve a territory not already fully served by the Bank."

Given the animosity between Oklahoma City and Tulsa during the meeting, it is tempting to focus exclusively on the first half of this statement – that Kansas City Fed officials did not want to hear the bickering.

²⁴Lincoln, Nebraska, bankers also requested a Branch in 1919 and made a presentation at the Kansas City Board meeting. From a modern day perspective, the request from the Lincoln bankers seems unusual. However, Nebraska lawmakers had recently changed the state's banking regulations in a way that eliminated what was essentially a penalty against state chartered banks becoming Fed member institutions. Perhaps most importantly to bankers, the new regulations reduced reserve requirements by about half for Fed member banks. With an increasing interest in the Fed by state banks, Lincoln bankers might have thrown their hat in the ring for a Branch should additional support be necessary. By the end of 1919, the Omaha Branch was serving 253 banks with more Fed membership applications pending – nearly twice the number served by the Denver Branch. Regardless, any Lincoln Branch would be superfluous to what was already established in Omaha. The request did not advance.

But the second portion of the statement is also important. There was very much a view among some within the Fed that Oklahoma banks were already well served out of the Fed's Kansas City office – an opinion which was supported by the fact many banks in the 1914-15 redistricting battle had repeatedly professed they already had well-established banking relationships in Kansas City.

There may have also been another aspect to the decision. Reports indicated that opposition to a Branch in either Oklahoma city was led by Kansas City Fed Director Willis J. Bailey. Bailey was at the time an Atchison, Kansas, banker, but he'd had an extensive political career in Kansas serving as both a congressman and the state's governor. Although no record remains detailing the Board's debate, Bailey's opposition does raise at least the question of if he hoped to secure a Wichita Branch.

Regardless of the reasoning behind the Kansas City Bank's decision, the response was quick by Oklahoma bankers, who launched an immediate appeal to the Fed's Board of Governors.²⁶

"We'll have to fight for it as we have had to fight for everything else the city ever got, but we are going to win," Daniel W. Hogan, president of the Oklahoma City Clearing House Association told *The Daily Oklahoman* for a Sept. 27, 1919 story. "I do not expect to see the Branch established immediately, for there is much opposition to be overcome and there are many difficulties in the matter of detail. But within the next year or two, Oklahoma City will have that bank."

By this point, some Oklahomans felt like they had been repeatedly misled since before the central bank's inception.

According to numerous newspaper accounts from the period, Oklahomans said that at least three Kansas City bankers in 1914 promised that Oklahoma City would receive a Federal Reserve Bank Branch if the state's bankers supported Kansas City's bid to house the regional Bank headquarters.

While Kansas City bankers clearly had no authority to offer such an enticement, it is certainly possible that their promises influenced Oklahoma bankers. The Sooner State strongly supported Kansas City's effort – 85 percent of the state's bankers who voted in the Reserve Bank Organizing Committee's poll favored Kansas City, instead of Oklahoma City or Tulsa, as their first choice for the regional Reserve Bank headquarters.

And then, of course, was the 1914-15 appeal by bankers in southern Oklahoma to be a part of the Tenth District – an event that re-emerged in the Branch debate in an unexpected way.

While Kansas City Fed officials were still mulling the issue of a southern Branch, a story appeared in the Kansas City and Wichita press indicating that the Oklahoma banks might try to move from the Tenth District and appeal to join the Dallas Fed District. One of the most interesting aspects of the story was that its quoted sources included Harrison – the OBA official who had led the effort to get all of Oklahoma into the Tenth District only a few years earlier.

Now, Harrison was in a different place and telling a different story.

Harrison was no longer with the OBA but was instead living in Wichita where he was president of Wichita's Union National Bank. He was heavily involved in Wichita's Branch bid and was among the group of business leaders who traveled to Kansas City for the July 1919 presentation.

As a Wichita banker, Harrison told a reporter that when he was with the OBA “the Oklahoma City bankers ... had a promise from the Dallas Reserve Bank ... that if they would (join) the Eleventh District, a Branch would be established in their city.”²⁷

This, of course, directly conflicts with what Harrison said in 1914-15 when he wrote letters to Oklahoma bankers indicating that a Branch might not be possible unless all of the state was in the Tenth District.

More than a century later it is impossible to judge Harrison’s 1919 reversal. It is, at the very least, curious. Was Harrison now hoping to encourage Oklahoma bankers to leave the Tenth District? It is obviously impossible to say, but it only added to the growing turmoil and frustration in Oklahoma.

Those emotions were clearly apparent in an editorial titled, “Justice for Oklahoma,” published by *The Daily Oklahoman* soon after the Harrison article appeared in Wichita: “Probably there has never been an act in the history of the Federal Reserve banking system so extraordinary as the act of the Tenth District Reserve Board at Kansas City in persistently and arbitrarily refusing to grant a Branch Reserve Bank in Oklahoma City.”

The piece pointed to the Fed’s decentralized structure and said the Kansas City Board’s decision was “clearly violating the spirit of the Federal Reserve banking law. The purpose of this law is to prevent the centralization of financial power. It was intended to distribute financial power, to accomplish the utmost good for the people of the various states. That is the reason provision was made for Branch Reserve Banks.”²⁸

The lengthy editorial did not identify Harrison, but it concluded with a call for the state to join the Eleventh District, arguing that “the Dallas district would welcome Oklahoma.”

Within a few weeks, the Oklahoma Clearing House was coordinating efforts to seek another redrawing of District boundaries – an initiative they said had quickly gained the support of around 200 Oklahoma banks.²⁹

Before that effort could advance, however, delegations from Oklahoma City, Tulsa and Wichita traveled to Washington, D.C., for an Oct. 21 meeting with the Federal Reserve Board where they essentially continued the arguing that had started in Kansas City.

Oklahoma City bankers talked again about the promises made by Kansas City bankers prior to the Fed’s creation and then blamed their in-state rivals for causing the delay in establishing a Branch in Oklahoma.

“If it had not been for Tulsa, Oklahoma City would have been given a Branch years ago,” Frank J. Wikoff, president of the city’s Tradesmen’s National Bank told Fed officials.³⁰

Wikoff said that Tulsa had confused Fed officials on the issue when they said the general flow of Oklahoma business was toward the northeast – where Tulsa was located. Wikoff said that was true in some instances, but hardly all.

Tulsa bankers, meanwhile, said their community was well positioned to serve the entire state and noted that, other than on the West Coast, many of the rest of the Reserve Banks and Branches were near the eastern boundaries of their districts, reflecting the general flow of business in much of the United States.

Wichita bankers, were quick to jump on the Tulsa remarks.

“The natural and inevitable trends of banking business from Oklahoma and southern Kansas is ... to Wichita,” C.Q. Chandler of Kansas National Bank said. “A Branch bank at Wichita can serve all of the banks in the territory outlined ... better than could a bank located in any other city in the Kansas City Federal Reserve District.”

After the hearings, the Federal Reserve Board on Oct. 31 asked the Kansas City Fed for some details about banking and business relationships in Oklahoma and announced that one of the two Oklahoma cities would receive a Branch – Wichita was too close to Kansas City to merit a Branch.

It was now just a process of determining the most appropriate Oklahoma location.

To better understand the local environment, the Board sent new Fed Governor Henry Moehlenpah to Oklahoma to investigate.

Moehlenpah was a former Wisconsin banker who was “a farmer’s banker and a banker representing and understanding the needs and problems of agriculture and of the small bank.” The background likely made Moehlenpah the best positioned among Fed officials to understand the issues facing Oklahoma banks. When he arrived in Oklahoma, the 52-year-old Moehlenpah joked about how much his life had recently changed. He’d been a Fed governor little more than a week.

“Whether the ... Branch bank would be located in Oklahoma City or Tulsa as a matter that didn’t mean much in my young life while I was jogging along on the Pullman on my way from Wisconsin to the capital to take up my new work,” he said.³² “But since I became a member of the Board, it has become one of the burning questions of the day.”

While in Oklahoma, he spoke at public events in Oklahoma City, Tulsa and Muskogee. He was careful not to identify a specific city as a likely Branch location, saying only that he would report to the Fed’s Board of Governors that Oklahoma deserved a Branch. In the words of one reporter, the statement “was applauded to the celebrated echo.”³³

In addition to Moehlenpah’s work, the Board also sent a letter to Oklahoma banks located outside of Oklahoma City and Tulsa asking their preference on the Branch’s location. Word of the vote was especially good news in Oklahoma City, where for some time local bankers had pointed to a petition of their counterparts throughout the state that showed strong support for Oklahoma City over Tulsa.

“Oklahoma City seems sure to win the bank now,” Frank P. Johnson, chairman of the Oklahoma City effort, told *The Daily Oklahoman* for a Nov. 30, 1919 story. “More than 200 member banks in the state endorsed Oklahoma City when we presented the petition to the Board, and I am certain they will return the same decision now. The vote was more than two to one for us. We have been in close touch with all the banks and can rely upon them fully.”

With the report and data in hand, the Fed’s Board of Governors considered the issue at a Dec. 17, 1919 meeting, some of which is recounted in the diary of Fed Gov. Charles Hamlin.^{††}

“There was a long and drawn out discussion,” about Oklahoma, Hamlin wrote.

Moehlenpah reported on his trip to Oklahoma and suggested Oklahoma City was likely the preferred location as long as Tulsa banks were not put in the position of having to route checks that needed to move east back through Oklahoma City to the west – a process which would cause unnecessary delay.

While Moehlenpah may have encouraged Oklahomans with his remarks there about a likely Branch, it was immediately clear in Washington the issue was not yet resolved.

^{††}Hamlin is one of the longest serving officials in Fed history. He was the first Fed Chairman, serving in the position until 1916 when he was replaced by Harding. While he was no longer chair, Hamlin remained on the Board until 1936.

At least two of the Fed governors opposed locating any Branch in Oklahoma: Adolph Miller, an academic who spent much of his pre-Fed career in California; and Albert Strauss, a former New York investment banker. After some discussion, where Hamlin apparently convinced the two otherwise, he moved that the Branch be located in Oklahoma City with a provision that any bank in the state could send checks through Kansas City or Oklahoma City, addressing Tulsa's concern. It was approved and the Federal Reserve Board issued a press release announcing Oklahoma City's selection later that day.

Interestingly, Hamlin's diary reveals that Glass, in addition to his April public comments in Oklahoma City, had also been telling others privately, including at least one unidentified congressional candidate, that Oklahoma City would get the Branch.

Hamlin, who said he always believed Oklahoma City was the appropriate location for the Branch said Glass was "greatly relieved" by Oklahoma City's selection. As the opposition from Miller and Strauss made clear, this was in no way a done deal until it received final approval.

"Secretary Glass ought to feel grateful to me for, entirely unintentionally, relieving him from an awkward predicament," Hamlin wrote. "The Board seemed so mixed up, that had it not been for my taking the lead, the Board might have designated Tulsa or have refused a Branch altogether. The poll of the banks showed a heavy majority for Oklahoma City both as to capital and surplus and total resources.

"On the merits, I was satisfied Oklahoma City was entitled to it."

Serving Oklahoma in the 21st Century

The Oklahoma City Branch of the Federal Reserve Bank of Kansas City opened Aug. 2, 1920. About 50 employees worked in offices on the second floor of the Continental Building at the corner of Second Street and Broadway. The Branch used vault space at the city's First National Bank that apparently included the construction of a special locked area to which only Fed officials had access.³⁴

"The Oklahoma City Branch of the Federal Reserve Bank opened for business ... and from the start the bank's business was more than satisfactory. It exceeded all expectations of officials," wrote a reporter for *The Investor*, a local business journal.³⁵

"The Oklahoma City Branch of the Federal Reserve Bank is here to stay and will always increase the proof that it was well located and ... will flourish and render the service for which it was intended,"

The Branch moved into its own building within a few years. Work on constructing a three-story Oklahoma City Branch at the corner of Third and Harvey office started in 1922. In a bit of irony, Bailey, the Kansas City Fed director who had led opposition to opening an Oklahoma Branch, had become president of the Kansas City Fed. In that position, he was responsible for laying the building's cornerstone with a trowel presented by the Oklahoma City Clearing House Association. The building, which *The Daily Oklahoman* called "a financial rock of Gibraltar," opened in 1923. An addition to the building was completed in 1962.

Like the rest of the Federal Reserve System, over the past century the Oklahoma City Branch evolved in response to a changing financial services landscape. As Americans moved away from paper-based payment methods, the Branch eliminated its check processing operations while cash operations were consolidated across the Federal Reserve System nationwide. Those changes had a significant impact on the amount of office space necessary for conducting Branch operations and the office downsized.

Today, the Branch at 211 N. Robinson Ave. in downtown Oklahoma City is led by a regional economist focused on providing Fed policymakers with important insight and analysis on the Oklahoma economy and, importantly, the energy sector. The Branch and the Dallas Fed jointly sponsor an annual national energy conference that in recent years has explored topics related to energy markets and the economy. The Branch also leads important surveys of Tenth District energy, manufacturing and services.

Branch staff members are engaged in the promotion of a safe, stable and competitive banking system through the supervision and regulation of financial institutions. Research and resources for bankers, economic developers and small business owners support community economic growth. Partnerships with educators are used to promote economic and financial education. Branch personnel regularly travel throughout the state to meet with community and business organizations about economic and banking conditions to bring a broad perspective of local input, views and concerns into the Fed's national monetary policy deliberations. Business and community leaders from across Oklahoma serve on the Branch's Board of Directors.

Direct local connections across the nation are at least as important to the Fed today – if not more so – than they were at the time of the Fed's founding. Immediate insight into local economic and banking conditions is not only essential to policymakers, but insures broad representation within the central bank. Owen, whose views on financial stability were drawn from experience as an Oklahoma banker, helped to form a central bank more than a century ago that continues to recognize America is best served when its most important institutions are firmly rooted within its communities. In the case of the Fed, those roots were planted in the red dirt of Oklahoma.

- ¹ Joseph J. Ellis, *Passionate Sage: The Character and Legacy of John Adams*. New York: W.W. Norton, 1994.
- ² M. St. Clair Clarke and D.A. Hall, "Legislative and Documentary History of the Bank of the United States (1832)," as appearing in H.W. Brands, *The Money Men*, New York: W.W. Norton, 2006.
- ³ M. St. Clair Clarke and D.A. Hall, "Legislative and Documentary History of the Bank of the United States (1932)," as appearing in H.W. Brands, *The Money Men*, New York: W.W. Norton, 2006.
- ⁴ H.W. Brands, *The Money Men*, New York: W.W. Norton, 2006.
- ⁵ Biddle to Charles Ingersoll, Feb. 11, 1832, appearing in H.W. Brands, *Andrew Jackson: His Life and Times*. New York: Anchor Books, 2005
- ⁶ Jane Knodell, "Rethinking the Jacksonian Economy: The Impact of the 1832 Bank Veto on Commercial Banking." *Journal of Economic History*, Vol 66 (3).
- ⁷ Bray Hammond, "Jackson, Biddle and the Bank of the United States." *Journal of Economic History*, Vol. 7 (1).
- ⁸ *Muskogee Phoenix*. Jan. 18, 1894.
- ⁹ *The Atlanta Constitution*, March 9, 1908.
- ¹⁰ *The Atlanta Constitution*, March 9, 1908.
- ¹¹ Robert Craig West, *Banking Reform and the Federal Reserve 1863-1923*. (Ithica, N.Y.; Cornell University Press, 1974) p. 107
- ¹² Carter Glass, *An Adventure in Constructive Finance* New York: Doubleday, Page and Co., 1927, p. 82.
- ¹³ Petition to Transfer a portion of Southern Oklahoma from Federal Reserve District Number 11 to Federal Reserve District number Ten. Answer and Brief.
- ¹⁴ *The Daily Oklahoman*. May 17, 1914.
- ¹⁵ *The Wall Street Journal*. April 24, 1914.
- ¹⁶ Brewer, Charles Letter to Reserve Bank Organizing Committee. April 29, 1914.
- ¹⁷ Harrison, W.B. Letter to OBA members. April 7, 1914.
- ¹⁸ *The Haskell (Oklahoma) Daily News*. May 13, 1915.
- ¹⁹ *The Wall Street Journal*. April 25, 1914.
- ²⁰ *The Wall Street Journal*. April 10, 1914.
- ²¹ *The Muskogee Times-Democrat*. April 4, 1914.
- ²² Board of Governors of the Federal Reserve System Meeting Minutes. July 20, 1917 and July 26, 1917.
- ²³ *The Muskogee Times-Democrat*. Sept. 5, 1917.
- ²⁴ *The Nebraska State Journal*. Aug. 17, 1919.
- ²⁵ *The Kansas City Star*. July 24, 1919.
- ²⁶ *The Kansas City Star*. Sept. 29, 1919.
- ²⁷ *The Wichita Eagle*. Sept. 5, 1919.
- ²⁸ *The Daily Oklahoman*. Oct. 7, 1919.
- ²⁹ *The Daily Oklahoman*. Oct. 15, 1919.
- ³⁰ *The Kansas City Times*. Oct. 22, 1919.
- ³¹ News service story appearing in numerous U.S. newspapers, February 1920.
- ³² *The Oklahoma City Times*. Dec. 9 1919.
- ³³ *The Muskogee Daily Phoenix and Times-Democrat*. Dec. 13, 1919.
- ³⁴ *The Investor* (Oklahoma City, Oklahoma). Aug. 1, 1920.
- ³⁵ *The Investor* (Oklahoma City, Oklahoma) Aug. 1, 1920.