

# Presidents of the Tenth District

THE POSITION OF *president* OF THE FEDERAL RESERVE BANK OF KANSAS CITY HAS PROVEN TO BE ONE OF THE MOST *stable leadership* POSITIONS IN THE ENTIRE FEDERAL RESERVE SYSTEM.

Thomas M. Hoenig was appointed the Bank's eighth president in 1991. Of the 12 regional Reserve Banks, only the Richmond Federal Reserve Bank, with seven presidents, has had fewer leaders in the central bank's nearly century-long history. But unlike Richmond, which, astonishingly, had only two presidents during its first 46 years, the Kansas City Bank's first leaders were the ones with the briefest tenures. Each of the last four Kansas City Bank presidents has held the post for more than 14 years.

That is not to downplay the importance of the early presidents.

The leadership and vision during the Bank's early years very literally established the Bank's foundation.

Similarly, each president's successors has built upon that foundation. They've led the Bank through the challenges of their times, and, despite their varied backgrounds, brought to the job a strong commitment to the Bank and the Tenth Federal Reserve District.

The most telling sign of their success is perhaps that, nearly a century after the Bank's founding, so few have held the job.



### **CHARLES MANVILLE SAWYER, 1914-1916**

Charles Sawyer occupies a unique spot in the history of the Federal Reserve Bank of Kansas City. Although he was the first to hold the position that would later become president—at the time of the Bank's founding the title was "governor"—his tenure in that office is the briefest in the Bank's history because of confusion about the job's responsibilities.

Sawyer was one of eight children born to Lewis and Salanda Sawyer on a farm near Streator, Ill. At the urging of a brother-in-law, Sawyer moved to the northwestern Kansas town of Norton in 1887 and, at age 21, became cashier at the First National Bank of Norton—the first steps in a banking career.

After leaving his cashier job to work as a national bank examiner, Sawyer returned to the bank as its president. With broad connections to banks in northwest Kansas, Sawyer was named president of the Kansas Bankers Association in 1898. Kansas Gov. George H. Hodges appointed Sawyer as Kansas banking commissioner in 1913. In October 1914,

the Board of Directors of the Federal Reserve Bank of Kansas City selected him to serve as governor.

Today, little is known about Sawyer's tenure, other than it soon became apparent that Sawyer's skills were perhaps better suited for serving as chairman of the Bank's Board of Directors while the first chairman, Jo Zach Miller Jr., seemed to have the skills more suited for the governor's job. In January 1916, steps were taken to have the two men switch roles. Sawyer served as chairman until December 1917.

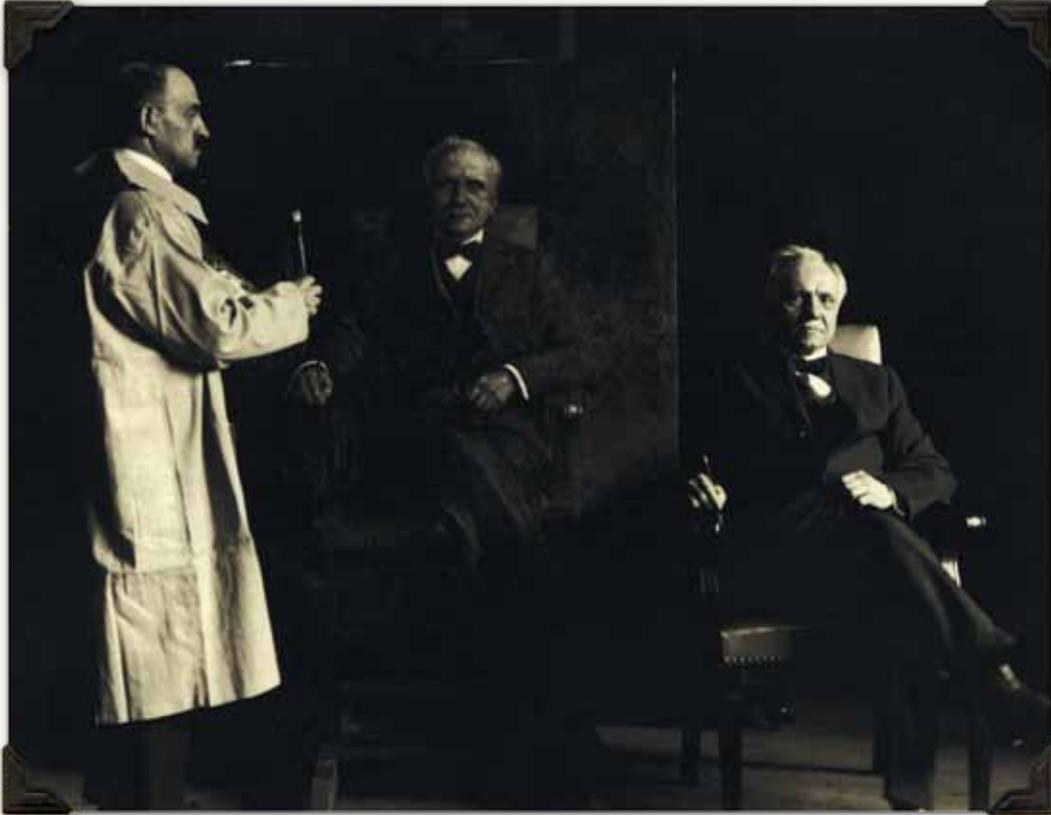
He eventually moved to Hollywood, Calif., where he died on Sept. 26, 1950, at age 84.

### **JO ZACH MILLER JR., 1916-1922**

Although many individuals were responsible for the founding of the Federal Reserve Bank of Kansas City, including numerous community leaders from throughout the Tenth Federal Reserve District who loudly argued for the nation's central bank to locate a regional headquarters in Kansas City, none is more important to the Bank's establishment than Jo Zach Miller Jr.



*Jo Zach Miller Jr. in the lobby of the Federal Reserve Bank of Kansas City building at 925 Grand Blvd. on opening day in 1921.*



*Jo Zach Miller Jr. sits for a portrait by French artist Charles Bennell. The portrait was unveiled in April 1922, shortly before Miller's retirement. It now hangs in the Federal Reserve Bank of Kansas City's headquarters at 1 Memorial Drive.*

Born on April 16, 1863, on a farm southeast of Austin, Texas, he was left fatherless at age 11. Raised by his mother Amanda and the uncle for whom he was named, Joseph Zachery Miller, he would become a self-made man. After attending school at St. Louis University, Miller returned to Texas where he became prominent in banking and had a wide range of other business interests over the following three decades.

In 1910, he came to Kansas City where he began working as a vice president for Commerce Trust Company. Four years later, he was chosen by officials in Washington to serve as chairman of the Federal Reserve Bank of Kansas City, a post that involved all aspects of founding the Bank, including hiring staff and securing necessary office space. Before accepting the appointment, Miller had to divest all bank holdings and assume a comparatively modest salary of \$7,500.

“Only a worthy desire to be of patriotic service can justify such a sacrifice,” reads one newspaper account about his selection. “And the people of (Federal Reserve) District number 10 are fortunate for having such a man available for service.”

Less than two years later, when it became clear that Miller was ideal to oversee the Bank's day-to-day operations, he switched jobs with Charles Sawyer to serve as the Bank's governor.

As Bank governor (president), Miller was known for many quirks, including his refusal to own an automobile and his meticulous bookkeeping, but, most prominently, he was known as a hard worker who never took a day of vacation and who was dedicated to the Federal Reserve and the banks and communities of the Tenth Federal Reserve District.

A local newspaper gossip columnist once wrote that Miller was “the first to work in the morning and the last to leave at night. He has

more fun working on holidays than at any other time.”

He very literally established the Bank, supervising the construction of the Bank's headquarters at 925 Grand Blvd. and the creation of Branch offices in Denver, Oklahoma City and Omaha.

“When the Bank became properly housed in the new building and the various departments were working harmoniously and with adequate room and working facilities, Gov. Miller's greatest ambition was achieved, and he began looking forward to a vacation of which he had deprived himself during his connection with the Bank,” reads a Bank history authored around the time of Miller's departure.

He went on to be involved in numerous local business efforts before a lengthy illness led to a 13-month stay in St. Mary's Hospital, which stood on the 1 Memorial Drive property that is now home to the Federal Reserve Bank of Kansas City headquarters. He died at age 87 on Feb. 16, 1951.

A *Kansas City Times* editorial published a few days later on Feb. 19, 1951, called Miller “one of the salty characters of Kansas City.

“An intense individualist, a man of deceptively modest appearance, but of immense force, where ‘J.Z.’ sat was the head of the table.”

Miller, the editorial said, “was of the hardy pioneer type that laid the foundations for American progress. The West, in which his lot was cast profited greatly from the shrewd independence of men like him who for so many years kept the nation's economy on an even keel.”

### **WILLIS JOSHUA BAILEY, 1922-1933**

When Willis J. Bailey became governor (president) of the Federal Reserve Bank of Kansas City, it was not the first time he had been referred to by that title.

Bailey, the founder of the northeast Kansas community of Baileyville, was elected the state's 16th governor in 1902, the culmination of a political career that had already seen him serve two terms in the Kansas legislature and a congressional term.

Born Oct. 12, 1854, in Mount Carmel, Ill., Bailey came to northeast Kansas to live on farmland owned by his father where, in addition to starting the town, he operated a large livestock operation. In addition to his political career, he founded the Baileyville State Bank in 1895. He returned to banking after leaving the Kansas governor's office, moving to Atchison, Kan., and becoming managing officer and vice president at Exchange National Bank. He later became the bank's president.

As a banker, he was elected president of the Kansas Bankers Association, which put him in a key position when Congress passed the

Federal Reserve Act in December 1913. When federal officials were working to determine locations for the nation's regional Federal Reserve Banks in 1914, Bailey was especially active. Under his leadership, the KBA and its members were a strong voice in favor of locating a Reserve Bank in Kansas City. Perhaps in recognition of his efforts, in 1914 he was selected to serve on the Bank's first board of directors. After

Jo Zach Miller's resignation, Bailey's fellow directors selected him for the job.

“Language is inadequate for me to express to you the sincere appreciation that I feel



*Willis Bailey had a lengthy political career in Kansas before coming to the Federal Reserve Bank of Kansas City. He served terms in the state's legislature, as governor and in Congress.*

for the great honor you have just done me in making me the governor of this Bank,” Bailey told the Board.

As Bank president, Bailey was known to refer to the Tenth Federal Reserve District as “the bread basket of the world,” and during at least one meeting in New York, where the discussion focused on securities investments, he was critical of those taking part, saying that they were creating wealth simply by changing bookkeeping.

“Out in the Tenth District we brought \$3 billion in new wealth from the soil last year,” he proclaimed.

In a 1932 article about Bailey, *The Kansas City Star* wrote that he had the ability to “humanize” the Federal Reserve.

“Gov. Bailey took a broad leadership and human understanding to the position,” the newspaper said. “He knew Tenth District bankers and the customers in back of them.”



*George Hamilton's performance at the helm of the Federal Reserve Bank of Kansas City during the 1933 banking holiday was praised by the local media.*

His final years in office were marked by poor health and at least one extended leave of absence. He was forced to retire in January 1932. He died five months later at age 77.

Because of his role in the Bank's founding, Bailey's funeral was among the most historically significant events in Bank history. Among the attendees were several individuals who had been a part of the effort to locate the Bank in Kansas City. Meanwhile, a lengthy list of honorary pallbearers at his funeral included Bailey's successor at the Bank, George Hamilton, as well as Gavin Leedy, who, years later, would succeed Hamilton in the office.

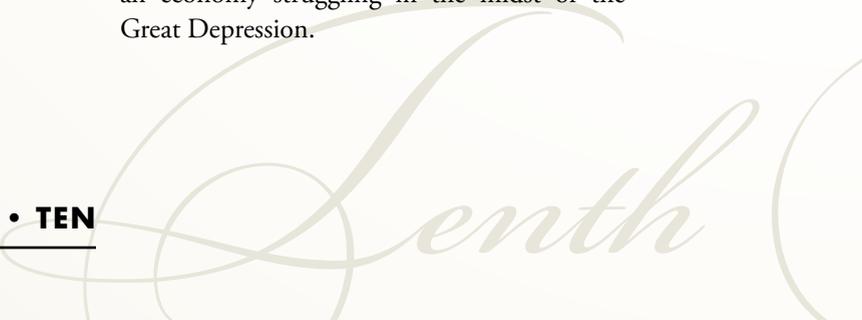
### GEORGE HENRY HAMILTON, 1932-1941

Like Willis Bailey, George Henry Hamilton came to the Tenth District from Illinois.

Born April 4, 1875, on a farm near Wellington, Ill., he was an attorney who later became involved in banking and served three terms in the Illinois legislature. He came to Kansas in 1912 after purchasing the State Savings Bank in Wichita, Kan., where he served as president until its merger with Fourth National Bank, where he eventually rose to president.

He was prominent in both banking and in the city. As a banker, he was a featured speaker at the American Bankers Association's 1929 annual meeting where he called for a change in banking laws. He also served three years on the Wichita City Commission, a stint that included one year as the city's mayor. The Federal Reserve Bank of Kansas City's Board of Directors unanimously elected him Bailey's successor on Jan. 7, 1932.

“The Tenth District directors have used exacting care in canvassing for a man of strong character and comprehensive experience to take the governorship at one of the important periods in the Bank's usefulness,” *The Kansas City Star* wrote with an obvious reference to an economy struggling in the midst of the Great Depression.



A year after Hamilton had taken office, President Franklin D. Roosevelt suspended banking activity nationwide to give Congress time to provide a solution to the worsening banking crisis.

James H. Joyce, an employee at the Kansas City Fed's Denver Branch, later recalled the environment during the bank holiday.

"I think this was the only time in my life that I had doubts that the sun would rise the next day," Joyce later recalled. "Bankers were coming into the Fed with suitcases of collateral. I thought it was the end of the world, but it was not and the banks eventually opened up."

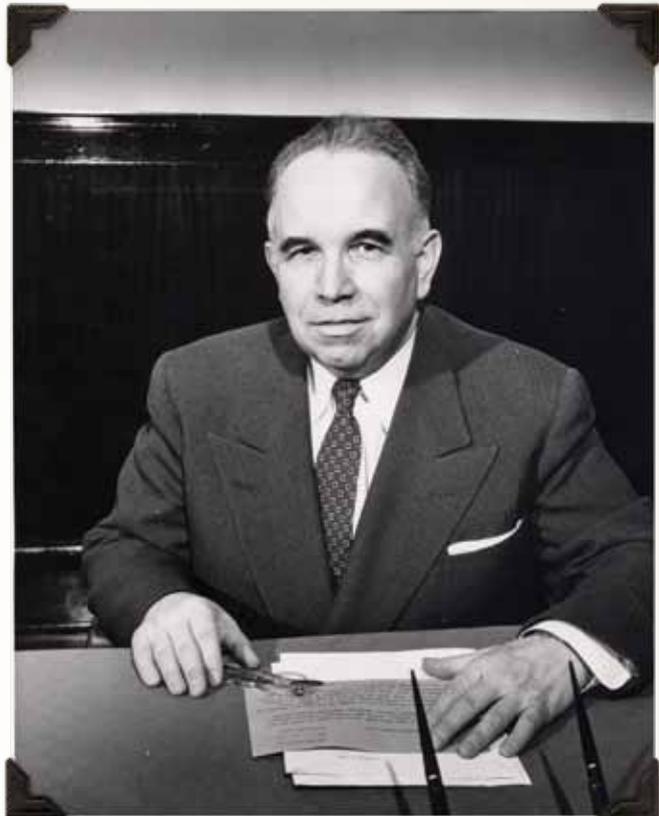
*The Kansas City Star* later wrote that Hamilton was "a calm, level-headed executive" during the bank holiday and was "intent on a program constructive for this area."

During his tenure, Congress passed both the Banking Act of 1933 and the Banking Act of 1935. Both pieces of legislation made numerous changes to the nation's financial infrastructure, including the establishment of the Federal Reserve's policy-setting Federal Open Market Committee. Other provisions of the legislation changed the structure of the Federal Reserve Banks in several ways, including changing Hamilton's job title from "governor" to "president" and instituting mandatory retirement provisions that remain in place today.

When Hamilton faced mandatory retirement a few years later, a group that included Tenth District bankers and members of the Bank's board of directors went to Washington, D.C., to argue that Hamilton be allowed to continue to serve, but the requests were rejected. He retired on Feb. 28, 1941.

"These have been interesting, happy years of work," Hamilton told *The Kansas City Star* for an article published on the day of his departure. "It has been sufficiently different from commercial banking to constitute a liberal education. Considering this, and a broadening acquaintance, I feel I got more out of the Bank than the Bank got out of me."

He returned to Wichita and served as vice



*Harold Gavin Leedy, who went by his middle name, was raised in rural Missouri and obtained his degree from William Jewell College.*

president of Fourth National Bank. He died at age 72 on Jan. 19, 1948, after a brief illness.

#### **HAROLD GAVIN LEEDY, 1941-1961**

After George Hamilton's retirement, the Federal Reserve Bank of Kansas City was without a president for six months. Although Federal Reserve Banks would later operate for extended periods with an interim president, the gap between Hamilton's departure and Gavin Leedy's appointment was the longest period any of the Banks went without a president.

Born Dec. 6, 1892, in the small southern



*In addition to his career as an attorney, George Clay was a professional singer and worked closely with Howard Hughes at TWA before coming to the Federal Reserve Bank of Kansas City.*

Missouri town of Benton, Leedy was a child when his family moved north to Cameron, Mo., in hopes of improving his mother's health.

After graduating from William Jewell College in Liberty, Mo., Leedy came to Kansas City in 1916 and attended law school while he worked for banking law attorney James Goodrich. His education, however, was interrupted by war. A member of the first graduating class at the Officers' Candidate School at Fort Riley, Kan., in 1917, Leedy served in France where he was injured during an artillery attack. When he returned to the United States in October 1918 he was among a group of military officers lauded as heroes and honored with a luncheon in New York.

After returning to Kansas City, he graduated from the Kansas City Law School and began to work for Goodrich while also teaching night classes at the school where, among his students, was future-President Harry Truman. When Goodrich dissolved the firm, Leedy started his own practice, which was active in banking law during the Great Depression.

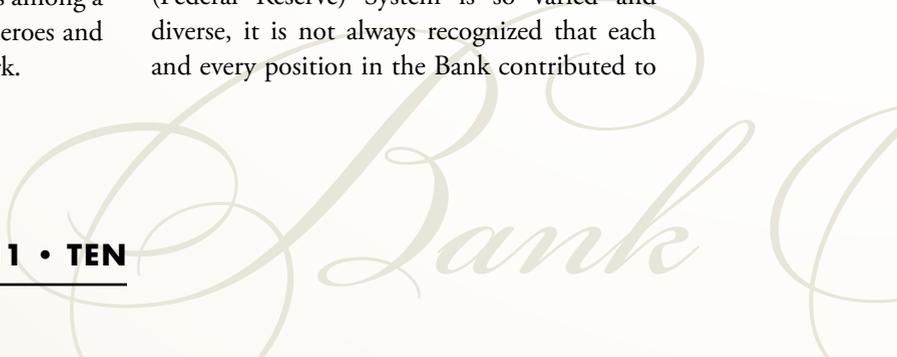
"Leedy was a lawyer-doctor, constantly being called to the bedside of sick banks," according to a biographical sketch written in 1952 for a book titled "Leaders in Our Town." "Throughout this part of Missouri, Kansas and Oklahoma he worked on reorganizations, mergers and liquidations. This was not only legal work, but a wide exploration into the fundamentals of banking. He learned the causes of health and illness as a young doctor learns from a clinic and post mortem operations."

He joined the Federal Reserve Bank of Kansas City as vice president, general counsel and secretary to the Bank's board of directors in February 1938. The Bank's board appointed Leedy first vice president at the time of Hamilton's retirement and six months later he was named president. Today, little is known about the reasons behind the six-month delay in making Leedy president, although media accounts at the time suggest the board of the Kansas City Reserve Bank and the Fed's Board of Governors in Washington, D.C., may have had some disagreement about the appointment.

Bank employees under Leedy recalled that the institution felt more like a family during his tenure, with Leedy acting as the father. It was a growing family, going from 600 employees at the start of his tenure to more than 1,200 at the time of his 1961 retirement.

In a retirement message to employees, Leedy wrote that his time at the Bank "could not have been more satisfying or enjoyable.

"As we all recognize, this is a unique organization we serve," Leedy wrote. "The scope of the Bank's activities as part of the (Federal Reserve) System is so varied and diverse, it is not always recognized that each and every position in the Bank contributed to



the System's great goals. To have been in the center of this complex work all these years has been an experience I would not trade for any other. It has been completely absorbing and exhilarating throughout. I cannot begin to count my blessings."

Leedy died at age 96 on July 28, 1989.

### GEORGE H. CLAY, 1961-1976

George Clay was the first native of the greater Kansas City area to serve as president of the Federal Reserve Bank of Kansas City.

Born Feb. 14, 1911, in Kansas City, Kan., Clay attended Kansas City Junior College and Liberty's William Jewell College before enrolling at the University of Missouri – Columbia, where he earned a law degree.

He practiced corporate law for a decade until 1944 when he joined another Kansas City-based institution: Trans World Airlines. Clay started at TWA as the assistant director of state affairs and rose to become TWA's vice president of administrative services and

a member of its Board of Directors. Among other things, he was heavily involved with developing New York City's John F. Kennedy Airport and in consolidating TWA's overhaul base from Delaware to Kansas City—a key component in the later expansion of what was then known as Mid-Continent International Airport into Kansas City International.

Clay left the airline in 1958, coming to the Federal Reserve Bank of Kansas City as vice president and general counsel. The move was influenced by his love of Kansas City and the recognition that remaining at TWA would eventually require a move to New York, but also a firm belief that "everyone should spend some time paying his rent for his place in the world.

"I thought the Federal Reserve Bank was ... an excellent place to find opportunities for both public service and challenge."

During his 15 years as the Bank's president, Clay was known for his open-door philosophy, sense of humor and leading the staff in singing holiday carols.

He was also a staunch defender of the Fed-



*The Oct. 9, 1968, meeting of the Federal Reserve's Federal Open Market Committee, George Clay is seated at the far end on the right side of the table. Then-Federal Reserve Chairman William McChesney Martin Jr. is on the left side of the table in the middle with his elbow resting on his chair. Martin is the longest-serving Federal Reserve chairman, holding the position for 18 years and nine months.*

eral Reserve's decentralized regional structure.

"The (Federal Reserve) System's foundation rests firmly in regional orientation which has served the nation well," Clay said at the time of his retirement. "It's a sound blending of public and private interests focused toward an efficient financial system and the overall health of the nation's economy. Regionally, we have supervisory and operational responsibilities with the banks in our own area. We take regional views to national forums.

"This arrangement permits the System to have a better chance to accomplish objectives through solid policies developed in a free and open manner. This is true for monetary policy, bank regulations, our own operations—every aspect of our activity. These Fed traditions are really closely related to traditions of liberty and freedom of choice we all prize so highly. The Fed is an institution that was well conceived and generally has been well administered. I hope its strengths can be preserved while it changes in response to the needs of the nation."

When he retired in February 1976 he was the longest-tenured member of the Federal Reserve's policy-setting Federal Open Market Committee.

"The creation of money and credit is a

very complicated thing," Clay said in a 1976 interview with *The Kansas City Star*. "It's not a science with its rules carved in marble. It's an art. Though it is pretty easy to take the first step in the creation of money and credit, what happens in six months as a result of that step is impossible to predict."

In retirement, he remained involved in charitable efforts and the business community. He died at age 84 on Oct. 11, 1995.

### J. ROGER GUFFEY, 1976-1991

J. Roger Guffey was happily pursuing a career as a partner in a law firm when the Federal Reserve Bank of Kansas City came calling in the late 1960s and put him on a path that would later lead to the Bank's presidency.

Guffey was born Sept. 11, 1929, in Kingston, Mo. He earned a degree in business administration from the University of Missouri – Columbia in 1952 and, after three years in the Army working with intelligence forces in Germany, he returned to MU to earn a law degree.

He was a partner in the Kansas City law firm Fallon, Guffey and Jenkins, a firm he had

*Although Federal Reserve Bank presidents are perhaps best known as members of the Federal Open Market Committee, their jobs involve a wide range of activities and interaction with the public. Here, Roger Guffey talks with local students about banking and finance.*



spent a decade building, when then-President George Clay invited him to the Kansas City Fed for lunch and convinced the attorney that a few years at the Federal Reserve would benefit his law practice by improving his understanding of banking issues.

“My concern was that I’d walk through those big doors and I heard them slam behind me one morning and realize that I only had one client and if I didn’t like that client, what was I going to do?” Guffey later said.

He started at the Bank as general counsel in 1968. He became senior vice president of the Administrative Services Division in 1973 and on March 1, 1976, became president.

A child of the Great Depression, Guffey was at the helm of the Federal Reserve Bank of Kansas City and a member of the Federal Reserve’s Federal Open Market Committee during a period sometimes referred to as the Great Inflation. In that position, he was a participant at the meeting that is seen as a key moment in Federal Reserve history—the turning point in the FOMC’s battle against inflation.

With double-digit inflation and public expectation that inflation would continue to escalate, the FOMC, under the leadership of Chairman Paul Volcker, needed to take dramatic action. At a rare Saturday meeting on Oct. 6, 1979, the FOMC decided to shift the conduct of its open market operations to a focus on controlling the money supply by reducing bank reserves instead of its traditional targeting of the federal funds rate. It was a move designed to kill inflation, and while it was successful, it was not painless. The resulting jump in interest rates, with the prime rate hitting a record-setting 21.5 percent in December 1980 and remaining above 17 percent for much of 1981, touched off a recession in the months that followed.

“I think back on that event as a tough decision,” Guffey said in 1991. “There were divergent views as to whether the draconian steps that we would eventually take were



*Roger Guffey was working as a partner in a law firm when then-Federal Reserve Bank of Kansas City President George Clay convinced him to work for the Bank. Just eight years later, Guffey was president.*

necessary and whether the price that thereafter was paid by the nation was worth the effort. I happened to think it was and I look back upon that with some warmth and the sense that it was a tough decision and it turned out to be the right one. I think it really demonstrates the positive impact the Federal Reserve can have on the nation.”

The decision, he said, also showed the importance of an independent central bank.

“There is no way that you could have approved what we did on Oct. 6, 1979 through our Congress...,” Guffey said. “It’s very difficult for elected officials to make those kind of hard decisions. That’s the reason I think our form of a central bank is very important and worth preserving. It’s worked and it will continue to work.”

During Guffey’s tenure he founded the Bank’s annual economic policy symposium, which has become a widely respected event for central bankers, economists and academics. He retired in September 1991.

He died at age 79 on April 15, 2009. The theater in the Bank’s headquarters at 1 Memorial Drive is named in his honor.



**BY TIM TODD**, TEN CONTRIBUTING WRITER