



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

February 2, 1966.

From Martin

My dear Mr. President:

Knowing as I do the many pressing matters demanding your attention, especially in recent days, I appreciate very much indeed the generous time you gave me last night for a frank discussion of Federal Reserve Board problems, most particularly that concerning the choice of a new member of the Board to succeed Vice Chairman Canby Balderston.

As I indicated to you, despite our difficulties it has been for me a privilege to work with you during the past two years, and I am no less now than two years ago earnestly desirous of aiding in the achievement of your goals, since they are, I feel, the proper goals of us all. Yet I must confess that, as I begin to think back over our talk, I become more and more discouraged with the prospects as I see them.

In my view, as I tried to make clear, it would do honor not only to a very fine man but also to yourself if you should appoint to the Board such an outstandingly able and qualified a man as Atherton Bean of Minneapolis. I find it hard to think of any appointment that would be more widely hailed, or more merited, than that of a man who has, though still a comparatively youthful 55, distinguished himself over the years as a student, at Carleton College and later as a Rhodes Scholar at Oxford; as an industrialist, risen to President and, presently, Chairman of the Board of the International Milling Company of Minneapolis; and as a devotee of the public good, through service both on boards of educational institutions and of the Federal Reserve Bank of the Minneapolis district. I feel that I owe it to him, as well as to you, to point out that he is too big, too fine a man for anyone to think of him as "my" man, or yours, or anyone else's--surely a point of integrity that stands in his favor, as I'm sure you will be foremost in recognizing.

Nevertheless, I understand the many considerations you must weigh.

As to Andrew Brimmer, my only objection would be to the appointment at this time of another economist, when already each of the last three new appointees in succession has been an economist, and appointment now of a fourth would mean constitution of a majority of the Board from the membership of a single profession. To the

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public criticism that could be anticipated on grounds of imbalance of that character--criticism almost sure to be compounded if the new appointee also is drawn from the ranks of the Administration--there would undoubtedly be added, as I am persuaded by complaints I have endured on earlier occasions, criticism that you had ignored the provision of law, in Section 10 of the Federal Reserve Act, that "In selecting the members of the Board...the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests...of the country." The consequence of this, I fear, would be the creation of widespread doubts within and without the System that would damage confidence and gravely impair the ability of the Federal Reserve to carry out functions of vital importance to the economy and the government alike.

Let me add, emphatically, that the objection I have set out does not extend to Andy Brimmer personally: in his work as an economist on the research staff of the Federal Reserve Bank of New York in the 1955-58 period, before he went on to become an assistant professor of economics at Michigan State University and more recently the University of Pennsylvania, he performed with considerable credit to himself; indeed I should be most pleased to have his services as an economist again today, if that were possible, in a top position on our staff. Furthermore, I expect that, as he gains added stature from his work as Assistant Secretary of Commerce that could carry him to still greater responsibilities, he may at some later time--especially as he is only 39 years old now--become universally recognized as indisputably qualified for appointment to the Reserve Board or an even higher post.

In considering the appointment of a successor to Governor Balderston, however, the question that presents itself to you is an immediate one: Who, in the light of his present qualifications, is the best man that can possibly be obtained for service on the Board of Governors of the Federal Reserve System, in the light of its needs for men of ability, integrity, and a diversity of experience?

To me, it seems highly unlikely that there can be found a better qualified man than Atherton Bean, whose appointment would, I believe, enhance the stature of the Board, establish the integrity of the Federal Reserve System, and assure continued confidence in its work, both at home and abroad.

It may be, of course, that you will wish to nominate another, as it is unquestionably your right and privilege to do. In that event, I would wish no more than that you give consideration to the matters I have sought to set out, both in our discussion and in this letter, and

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that the man you choose will--like Atherton Bean--have every qualification you would want not only in a Member of the Board, but also its Chairman.

Once again, you have been more than generous in the time you have given me and the many courtesies you have shown me. Before the final decision is made, if it is convenient I would like to have one more opportunity to review matters with you.

Faithfully yours,

A handwritten signature in cursive script that reads "Bill".

Wm. McC. Martin, Jr.

The President,
The White House.