

Please deliver to: Elliott Thurston

From: Arthur R. Upgren

Remarks: I might add that my rather strong feelings which prompted my earlier letter are such that I certainly have no hesitancy saying what I said in the attached at any time or any place.

--ARU

Memorandum on Governor Vardaman's Visit
to Minneapolis Federal Reserve Bank

At the very delightful luncheon tendered by President Peyton to a group of twenty or so, including local members of the board of the Minneapolis Federal Reserve Bank, President Peyton briefly introduced Mr. Vardaman. He pointed out that he was out on a trip learning about the country and the system of which he was a part. The introduction was straight-forward and short.

Governor Vardaman opened with some general remarks, including the fact that he had recently made some speech at either Norfolk, Newport-News or some other convention point in Virginia, and that he would apologize because his brief remarks today would be along the same line. There was some little implication that his remarks had been quoted in extenso and that we should know about them. It was clear that some adverse statement had been made about them which he was trying to defend.

He then pointed out that he was in a peculiar position, that he spoke only for himself, though he was a member of the Board. He mentioned that Governor Eccles knew of his visit around and his independence in speaking. In these ways he was trying to convey, and there wasn't a great deal of subtlety in his procedure, that a defender of the free enterprise system was out "on expedition."

There was quite a little discussion by him of the free enterprise system and the many fine things it had done for him. This discussion was clearly in opposition to planning and all planners.

Then there was some discussion of recommendation in government, particularly of the bureaucrats. These bureaucrats got all the cliches in Mississippi drawl and the speaker obviously thought he was rapidly ringing the bell or hitting the target. Later, in the questioning, this part of his speech elicited queries about different bureaucratic agencies. I remember most distinctly how at least four or five were named -- RFC, FDIC, CCC and one or two others -- and each was given fullsome praise by the speaker. He never even realized that these are bureaucratic agencies. In fact, obviously his definition of a bureaucrat was someone in Washington who wasn't doing what he liked.

There was no mention that I can now recall of Chairman Eccles beyond pointing out that he was speaking as a person, and some others that indicated he abided by the decisions of the Board, though his remarks were impliedly at variance with the Board's position.

There was only a vague reference to the independence of his "expedition" from any official nature whatsoever. Thus, the listening group was disarmed, of course, but the curious thing was nothing in the speech was worth all this trouble of disarming the audience. I am under the im-

pression that other than his speech at some convention -- the one I have referred to above -- that this was about his second foray outside of Washington. Thus, there was subtlety in his remarks.

But his main objective was abundantly clear, though it was not advanced very much. It was an appeal to "those who believe in free initiative, free enterprise, a free banking system and a nation free of bureaucrats, and free of any kind of planning." That appeal seemed like one in which he was feeling out where support for different policies might be found and hoping he could cultivate it.

I end with the judgment, all which may be too severe -- that the performance was the poorest, the least objective and bordered on utter incompetence. Thus, subversive innuendos were mostly ineffective because of the utter incompetence of the man himself.

--Arthur R. Upgren

cbv

Note: The foregoing was dictated and corrected before reading of an additional report, and I make the following notes of reconciliation of my views with the report of another meeting. I continue with comments in light of the Atlanta memorandum.

The main differences here are that I did not hear of anything about whipping up the country, but there was comment how every view should have a hearing in Washington. That the Board could strangle business he agreed, and he appealed for support anywhere by such things as applying opposition to the one hundred per cent margin requirements and opposition to regulation "W".

I heard no personal attack on the Chairman, but the meeting was one that with university presidents and professors present that would have been bad taste, indeed, and even the gentleman himself could understand that. Thus the use of the word "subtlety" in my memo.


--ARU