

FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO 20, CALIFORNIA

April 1, 1947

C. E. EARHART, PRESIDENT

PERSONAL AND CONFIDENTIAL

Dear Mr. Eccles:

In response to your letter of March 20, I am enclosing a copy of a memorandum outlining briefly the composite recollections of several officers of this bank who attended meetings in the Twelfth District at which Mr. Vardaman spoke.

There was such a similarity between each of the talks that nothing would be gained by attempting to present a separate memorandum on each meeting. Furthermore, since the talks were given "off the record", we are dependent entirely on recollection, which is faulty as to detail.

Governor Vardaman visited the cities in which we have offices on the following dates:

Seattle	November 6 to 8, 1946
Portland	November 9, 1946
San Francisco	November 10 to 13, 1946
Los Angeles	November 15 to 20, 1946
Salt Lake City	November 21 to 22, 1946.

I understand he also visited Spokane and Phoenix. No representative of this bank was present, we having had no advance information of such visits.

In general, the remarks made by Mr. Vardaman in the Twelfth District appear to be similar to those reported in the attachment to your letter of March 20.

Very truly yours,



Mr. Marriner S. Eccles,  
c/o Board of Governors,  
Federal Reserve System,  
Washington 25, D. C.

Enclosure

April 1, 1947

MEMORANDUM

SUBJECT: Governor Vardaman's Visit to the Twelfth Federal Reserve District

Governor Vardaman talked off the record at the following meetings:

Nov. 7, 1946 - Luncheon given by Mr. L. M. Arnold at Rainier Club, Seattle, 75 bankers and industrialists.

Nov. 7, 1946 - Meeting, Board of Directors, Seattle Branch.

Nov. 7, 1946 - Dinner given by Mr. George Greenwood at Olympic Hotel, Seattle, 175 bankers.

Nov. 8, 1946 - Luncheon given by Mr. Reno Odlin at University Club, Tacoma, 75 businessmen and bankers.

Nov. 9, 1946 - Luncheon, Arlington Club, Portland.

Nov. 12, 1946 - Meeting, Board of Directors, Federal Reserve Bank of San Francisco.

Nov. 12, 1946 - Luncheon, Bohemian Club, San Francisco.

Nov. 15, 1946 - Meeting, Board of Directors, Los Angeles Branch.

Nov. 15, 1946 - Luncheon, California Club, Los Angeles.

Nov. 21, 1946 - Luncheon, Hotel Utah, Salt Lake City.

Nov. 22, 1946 - Meeting, Board of Directors, Salt Lake City Branch.

Nov. 22, 1946 - Luncheon with Board of Directors, Salt Lake City Branch.

Copies of the lists of guests at the luncheons or dinners given by the Federal Reserve Bank of San Francisco are attached.

Following is a composite recapitulation of the principle views expressed by Mr. Vardaman at the various meetings:

Mr. Vardaman stated that the purpose of his trip was to gain information for his use in the performance of his duties, and to meet business men and bankers to whom he might be helpful in Washington.

Mr. Vardaman paid tribute to the efficiency of Marriner Eccles and his handling of a difficult task. On the other hand, he indicated that he did not see eye to eye with Mr. Eccles on various subjects. He stated that he was opposed to government by bureaus, that a government by

decrees and regulations should be dispensed with, and that the elected representatives of the people should regain control of government. He inferred that the Board of Governors had gone too far in its attempts to regulate, referring particularly to Regulations T, U, and W. He deplored the situation where so small a group could exercise so much control over such an American institution as the stock exchange. His remarks left the impression that he had construed his job on the Board of Governors to be to introduce a more responsive relationship between the Board and the banks and public of the country. One also received the impression that he had not sought his appointment on the Board and that he hoped he might accomplish a mission and not serve out his full term. Mr. Vardaman stated that he believed in the greatest degree of individual operation and autonomy of the regional Federal Reserve Banks, that the Board of Governors should be only a broad, policy-making body, carrying out only the clearly defined intentions of Congress. He gave the opinion that the directors of the banks had not been given sufficient freedom to function because the Board of Governors was concerning itself with details of operation. He encouraged the directors to assert themselves more and make their wishes known. He spoke in favor of branch directors having more say in branch operations. He indicated that the Inland Empire, including western Montana, should be served by a branch of a Federal Reserve Bank in Spokane. In Seattle he expressed the view that in time the Districts should be redrawn and that it would seem to him that a Head Office should be established in Seattle. He favored continuance of the dual banking system of national and state banks. He was not in favor of direct government lending to business, or in favor of the guarantee of loans to industry made by others, but believed that banks could and should make the loans at their own risk according to sound credit standards. Mr. Vardaman expressed the feeling that the bankers should go to Congress to get the Bank Holding Company legislation introduced and enacted. They should not expect initiation of a bill by the Board or other bureau. Mr. Vardaman suggested that his listeners contact their Congressmen so that the Congressmen might know how people outside Washington feel.

Guests at luncheon for Governor Vardaman, at Arlington Club, Portland,  
on November 9, 1946

Director of Federal Reserve Bank of San Francisco

Chas. H. Stewart, President, Portland Trust & Savings Bank

Member of Industrial Advisory Committee of Federal Reserve Bank of San Francisco

Edmund Hayes, President, Row River Lumber Company, Portland

Branch Directors

E. B. MacNaughton, President, First National Bank of Portland

Wm. H. Steen, Farming and livestock, Milton, Oregon.

Aaron M. Frank, President, Meier & Frank Co., Portland

Bankers

E. C. Sammons, President, United States National Bank of Portland

A. L. Mills, Jr., First Vice President, United States National Bank of Portland

Frederick Greenwood, Manager, The Bank of California, N. A., Portland

Ralph Thom, Assistant Manager, The Bank of California, N. A., Portland

B. S. Deacon, Manager, Canadian Bank of Commerce, Portland

C. F. Adams, Executive Vice President, Portland Trust & Savings Bank, Portland

C. B. Stephenson, Vice President, First National Bank of Portland  
Portland Branch,

J. P. Blanchard, Assistant Manager, Federal Reserve Bank of San Francisco

D. E. Bent, Assistant Manager, Portland Branch, Federal Reserve Bank of San Francisco

S. A. MacEachron, Assistant Manager, Portland Branch, Federal Reserve Bank of San Francisco

D. L. Davis, Managing Director, Portland Branch, Federal Reserve Bank of San Francisco

List of those attending luncheon given in honor of Mr. James K. Vardaman, Jr., Member, Board of Governors of the Federal Reserve System, at the Bohemian Club, San Francisco, November 12, 1946

Agnew, A. C.	General Counsel, Federal Reserve Bank of San Francisco
Baer, Francis S.	Senior Vice Chairman, Bank of America N. T. & S. A., San Francisco
Byrd, Carroll F.	Class A Director, Federal Reserve Bank of San Francisco
Calkins, Allard A.	President, Anglo California National Bank, San Francisco
Earhart, C. E.	President, Federal Reserve Bank of San Francisco
Gaither, H. R.	President, Pacific National Bank, San Francisco
Eastman, Carl J.	First Vice President, San Francisco Chamber of Commerce Vice President & Pacific Coast Manager, N. W. Ayer & Son, Inc.
Giannini, A. P.	Founder-Chairman, Bank of America N.T. & S.A., San Francisco
Hellman, I. W.	President, Wells Fargo Bank & Union Trust Co., San Francisco
Holden, St. George	Class B Director, Federal Reserve Bank of San Francisco
Hunter, J. J.	President, The Bank of California N. A., San Francisco
Johnson, Walter S.	Class B Director, Federal Reserve Bank of San Francisco
Lipman, F. L.	Chairman, Wells Fargo Bank & Union Trust Co., San Francisco
Lochead, James K.	President, American Trust Company, San Francisco
McIntosh, C. K.	Class A Director, Federal Reserve Bank of San Francisco
McKee, John D.	Chairman, American Trust Company, San Francisco
Mangels, H. N.	Vice President, Federal Reserve Bank of San Francisco
Moffitt, James K.	Chairman, Crocker-First National Bank, San Francisco
Nichols, Henry D.	Member, Industrial Advisory Committee President, Tubbs Cordage Co.
Starr, Walter A.	Member, Industrial Advisory Committee Chairman, Soundview Pulp Company
Wellman, Harry R.	Class C Director & Deputy Chairman, Federal Reserve Bank of S.
Wente, C. F.	Senior Vice President, Bank of America N. T. & S. A., San Francisco
Wheeler, Oliver P.	Director of Research, Federal Reserve Bank of San Francisco
Wilbur, Brayton	Class C Director, Federal Reserve Bank of San Francisco

Attendance at  
Luncheon to Governor Vardaman, Board of Governors of the Federal Reserve System  
California Club, Los Angeles, November 15, 1946

Bank of America National Trust & Savings Association  
Los Angeles Main Office, Los Angeles, California

J. E. Fishburn, Jr. Vice President  
Keath L. Carver, Vice President

California Bank, Los Angeles, California

Frank L. King, President  
Clifford Tweter, Vice President

The Canadian Bank of Commerce (California), Los Angeles, California

E. H. Mitchell, Vice President

Citizens National Trust & Savings Bank, Los Angeles, California

Herbert D. Ivey, President  
L. C. Ivey, Executive Vice President

Farmers and Merchants National Bank, Los Angeles, California

V. H. Rossetti, President  
President, Los Angeles Clearing House Association

H. M. Craft, Vice President

Security-First National Bank of Los Angeles, Los Angeles, California.

George M. Wallace, President (Now Chairman of the Board)

Chester A. Rude Vice President (Now Chairman of the Executive Committee and Vice President)

Union Bank & Trust Co., Los Angeles, California

Ben R. Meyer, President  
J. C. Lipman, Vice President

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M. G. McMahon, President, California Bankers Association  
President, First National Bank at Glendale, California

R. S. Beasley,  
President, Independent Bankers Association of the  
Twelfth Federal Reserve District  
Vice President, Beverly Hills National Bank & Trust  
Company, Beverly Hills, California

H. G. Markworth,  
President, Independent Bankers Association of Southern  
California  
Vice President, Santa Monica Commercial & Savings Ban  
Santa Monica, California

H. N. Thompson,	Secretary-Manager, Los Angeles Clearing House Association
James E. Shelton,	Chairman of the Executive Committee and Vice President, Security-First National Bank of Los Angeles (Now President)
	President, Los Angeles Chamber of Commerce
Hector C. Haight,	Manager, Los Angeles Loan Agency, Reconstruction Finance Corporation, Los Angeles, California
Shannon Crandall,	Vice Chairman, Industrial Advisory Committee of the Twelfth Federal Reserve District Chairman of the Board, California Hardware Company, Los Angeles
R. H. Moulton,	R. H. Moulton & Co., Los Angeles, California Bonds Chairman, Advisory Committee, Savings Bonds Division for Southern California, Treasury Department, Los Angeles
J. Derry Kerr,	Partner, Kerr & Bell, Los Angeles, California Investments
Y. Frank Freeman,	Vice President, Paramount Pictures, Inc., Hollywood, California Chairman of the Board, Los Angeles Branch, Federal Reserve of San Francisco
Fred G. Sherrill,	Vice President, J. G. Boswell Co., Los Angeles, California Director, Los Angeles Branch, Federal Reserve Bank of San Francisco
W. N. Ambrose,	Managing Director, Los Angeles Branch, Federal Reserve Bank of San Francisco (Now Vice President & Manager)
Fred C. Bold,	Assistant Manager, Los Angeles Branch, Federal Reserve Bank of San Francisco
M. McRitchie,	Assistant Manager, Los Angeles Branch, Federal Reserve Bank of San Francisco

Bank and Business Executives Present at Luncheon Held in the President's  
Room, Hotel Utah, Salt Lake City, November 21, 1946

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Governor James K. Vardaman, Jr., Member, Board of Governors,	Washington, D.	
Orval W. Adams	Executive Vice President, Utah State National Bank, Director, Salt Lake City Branch, Federal Reserve Bank of San Francisco	Salt Lake City
Clarence M. Bamberger, Investments	Salt Lake City	
Harold H. Bennett,	Vice President and General Manager, Zion's Cooperative Mercantile Institution	Salt Lake City
R. K. Bradford,	Executive Assistant, Denver & Rio Grande Western Railroad	Salt Lake City
Marriner A. Browning, J. M. & M. S. Browning Company,	Ogden, Utah	
James W. Collins,	President, Tracy-Collins Trust Co.	Salt Lake City
George S. Eccles,	President, First Security Bank of Utah, N. A.	Ogden, Utah
George M. Gadsby,	President, Utah Power & Light Co.	Salt Lake City
Walter Mathesius,	President, Geneva Steel Company	Salt Lake City
D. D. Moffat,	President and General Manager, Utah Copper Company	Salt Lake City
F. S. Mulock,	Vice President, United States Smelting, Refining & Mining Co.	Salt Lake City
George S. Murphy,	Vice President and Cashier, Continental National Bank & Trust Co.	Salt Lake City
R. C. Rich,	R. C. Rich Sheep Company, Director, Salt Lake City Branch, Federal Reserve Bank of San Francisco	Burley, Idaho
D. F. Richards,	President, American National Bank, Director, Salt Lake City Branch, Federal Reserve Bank of San Francisco	Idaho Falls, I
Charles L. Smith,	President, First National Bank,	Salt Lake City
Willard R. Smith,	Vice President and Cashier, Zion's Savings Bank & Trust Co.	Salt Lake City
L. P. Van Voorhis,	Vice President, First Security Trust Company,	Salt Lake City
John M. Wallace,	President, Walker Bank & Trust Co.,	Salt Lake City
F. A. Wardlaw, Jr.,	General Manager, International Smelting & Refining Co., Salt Lake City	Salt Lake City
Ralph B. Wright,	Vice President, Union Trust Company,	Salt Lake City
W. L. Partner, Federal Reserve Bank of St. Louis	Managing Director, Salt Lake City Branch, Federal Reserve Bank of San Francisco,	Salt Lake City

MEMORANDUM

At the meeting of the Board of Directors of the Los Angeles Branch of the San Francisco Federal Reserve Bank, in November, shortly after the 1946 elections, Governor Vardaman of the Federal Reserve Board in Washington was in attendance. Governor Vardaman was introduced to members of the Board, and after the regular affairs had been attended to, he was asked to talk informally to the group, and the members of the Board were invited to engage in a discussion with the Governor.

Mr. Vardaman did most of the talking. Personally, I was not too favorably impressed with him. I did not discuss him or what he said with any of the other Board members.

Following the meeting of the Board, a luncheon was given in his honor at the California Club in Los Angeles, at which there was in attendance the Board of the Branch, and I think all of the Los Angeles area bank presidents.

The Governor talked at some length at this luncheon also. He seemed a little surly, to me, except that I thought he enjoyed the mantle of martyrdom - in a way, self-imposed - which he wore. Certainly he left the impression with me that he was a lone wolf crying in the wilderness, championing the enterprise system of America in a wholly unsympathetic atmosphere in Washington, D.C. "Almost no one wants to save America", said I to myself, "except Governor Vardaman. He is being opposed at every turn. He is constantly giving sound advice to the President, the Secretary of the Treasury, the Chairman of the Federal Reserve Board, but mostly it is falling on deaf ears - but he will not give up. America will be saved in spite of its enemies in high places".

Now, it is possible that I am over-doing this, but I have, to a degree, a memory, and in some instances it is fortunate; some, unfortunate. In a general summary of what the Governor said as being needed to save America, I recall that we had all of the things he said we must have, when Calvin Coolidge and Herbert Hoover were in the White House, and those things then did not save us from the worst economic disaster in our history.

The only observations I made were at the Board meeting, and they were of a political nature; something along this line, as I recall:- that the people, in my opinion, were fed up with the inadequacies of labor legislation, and particularly with the arrogancies of the self-styled labor leaders; in my judgment, the peoples' state of mind was somewhat similar to what it was at the tail end of the Prohibition Era, but the authorities in Washington at that time listened to the Wayne Wheelers and the Dr. Cannons, and thought the big noise they made was truly a reflection of the sentiment of the people; now, it appeared to me they had been listening to the Bill Greens, the Phil Murrays, and the John Lewises, with the same conclusion, but that they no more spoke for the people, or, in fact, for their membership, than did the Cannons and Wheelers of an earlier day, and that, in my opinion, the election returns had demonstrated quite clearly that there was not another victory on the Green - Murray side of the labor question, that that issue, from their point of view, had been squeezed dry of votes. I was a little surprised to find that the Governor agreed with me in this observation

Memorandum

and said he had told the President and others in Washington exactly the same thing, but that none of them paid any attention to it. After that I merely listened.

I don't know the identifying Federal Reserve Board regulations on credit but they were identified by number and, of course, the bankers were familiar with them. They were doing this country an incalculable injury. What we needed was margin buying on the Stock Exchange. That would save us from a decline.

I find I am repeating myself specifically in what he said generally, above. In any event, the Governor was going to continue his campaign and save America. He seemed to want to turn everything over to enterprise in order that the country could really go to work.

I don't recall that any attacks were made on personalities, but the ideas that come from people were assailed with some vigor, and it was not difficult to identify the people who had originated the ideas in the first instance, so that I presume one would say by indirection those personalities were attacked.

The Governor complained that there is quite a reach for power in Washington and one just has to keep wrapping knuckles all the time or the "Empire Builders" will take everything and gather it into that city. Some of this I did not disagree with.

A handwritten signature in black ink, appearing to read "J. M. Carroll".