

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE
SYSTEM

Mr. Allan Sproul, President
Federal Reserve Bank of New York,
33 Liberty Street,
New York, New York.

Mr. W. Randolph Burgess, Under Secretary of the
Treasury
Treasury ~~Department~~ Building,
Washington, D. C.

Dr. Robert D. Calkins, President,
The Brookings Institution,
722 Jackson Place, N. W.,
Washington 6, D. C.

Dr. S. Cyril James, .
Principal and Vice Chancellor
McGill University,
Montreal 2, Canada.

Dr. Walter W. Stewart,
c/o Council of Economic Advisers,
Executive Office Building,
Washington 25, D. C.

Mr. William McChesney Martin, Jr., Chairman,
Federal Reserve Board,
Washington 25, D. C.

Dr. Joseph H. Willits,
University of Pennsylvania,
The Educational Survey,
Philadelphia, Pa.

Mr. Donald B. Woodward

Mr. Winfield W. Riefler,
Federal Reserve Board,
Washington 25, D. C.

Committee on the History of the
Federal Reserve System

DATE

Apr 30/56

TO

Donald Woodward

FROM

Willard Adams

REMARKS

These minutes have been
seen, and small editorial
changes made, by
Mr. Sproul, Mr. Collins
& ~~D.~~ W.

W.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Minutes of Committee Meeting
Monday, April 16, 1956
Washington, D. C.

Distributed
April 30, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
F. Cyril James
William McC. Martin, Jr.
Walter W. Stewart
Joseph H. Willits

Winfield W. Riefler

The Committee convened at 10:40 a.m. in the lounge of the Brookings Institution at Washington, D. C. Members present were Chairman Sproul, Messrs. Burgess, Calkins, Riefler (for Mr. Martin), Stewart and Woodward. Miss Adams was present as Executive Director. Absent members, Dr. James and Dr. Willits, were both reported ill.

Minutes of the previous meeting (February 4, 1956) having been distributed, their reading was omitted. It was, however, moved, seconded and carried that the "clause of enactment" assigning to Brookings a larger administrative responsibility, which was included in those Minutes, should be replaced by a revised version circulated to members on February 17, 1956 and approved by them. With the passing of this resolution, the revised clause was declared to have become the official Minute on the subject.

Purpose

Thereafter most of the meeting was devoted to a series of reports from Dr. Calkins detailing various steps by which he was moving to carry out the Committee's desires as expressed in the "clause of enactment." Dr. Calkins reported as follows:

1. The conference held February 21st with Dr. Norman Buchanan of the Rockefeller Foundation fell into three parts; a report on action taken at the Princeton meeting to emphasize monographs and increase the administrative responsibility of Brookings, a consideration of timing and a discussion of personnel. Dr. Buchanan showed little surprise at the reorientation of emphasis; he expressed the opinion that Foundation approval of the changes could be handled either by the officers of the Foundation or the Executive Committee of its trustees when a definite proposal is submitted. It was agreed that the Committee should submit its proposal in writing. Several scholars were suggested for roles in the project, but none of them have survived screening.

2. The Committee's proposal of February 4th to transfer to the Brookings Institution, under certain conditions, a greater share of administrative responsibility was presented to the Board of the Institution at their March meeting. They approved the plan as offered, with the proviso that Dr. Calkins can find an appropriate person to head up the project.

3. The search for such a person, who would become a full-time staff member at Brookings, has met the same difficulties which the Committee had previously encountered. As a way of breaking this impasse, Dr. Calkins suggested the choice of a younger man showing promise of growth and distinguished work. He named two, Dr. Philip W. Bell of Haverford and Princeton, Dr. Raymond Park Powell of Yale, both assistant professors of economics, both in their early thirties. The Brookings proposal is that they work as a team, with Dr. Bell appointed as a Brookings staff member and nominal head of the project, and Dr. Powell (who wants to keep his Yale connection) as co-director. To give such a young team authoritative guidance, Dr. Calkins suggested an advisory sub-committee of three older experts to include Dr. Lester Chandler, and perhaps Dr. Howard Ellis.

If these men should prove to be not available or acceptable, Dr. Henry Wallich of Yale, formerly on the staff of the New York Federal Reserve Bank, was suggested as second choice. Dr. Calkins thought it desirable to give these young scholars as much leeway and chance for initiative as possible.

4. Dr. Calkins then presented a five-point memorandum on Proposed Activities, of which Number 2, The General Plan for Study, contained three alternative plans; Plan A, a two-volume history with related monographs; Plan B, a group of coordinated monographs; Plan C a symposium on episodes in the System's history (a copy of this memorandum will be included in the Minute Book).

Point 3 in Dr. Calkins' memo, the seminar which had been discussed at earlier meetings, would be modified to become initially a series of conferences of people planning and working in the project. Small group meetings of this kind could initially be financed out of Committee funds. As they grow, funds could be sought outside.

At the end of this presentation, and after listing other names and outlining possible alternative arrangements, Dr. Calkins asked the Committee's views on the men he suggested and the plans proposed. If these were favorable, he would then see Dr. Buchanan of the Rockefeller Foundation, interview Dr. Bell (he had seen Dr. Powell), report back to the Executive Committee, and ask for formal approval.

Discussion by the Committee of the men proposed revealed a cautious willingness to accept them (Bell and Powell as a team, Wallich for second choice) if after further exploration Dr. Calkins recommended the appointments.

On plans, Committee members showed a reluctance to cede to these young men complete freedom to plan the project. Discussion of the plans proposed revealed a basic difference of opinion, Mr. Burgess and Mr. Woodward preferring Plan A, Mr. Riefler and Dr. Stewart upholding Plan B, Mr. Sproul not convinced that the men proposed could handle the history by first intent but willing to assume that they could do valuable work which might lead ultimately to the history.

Consensus

It was agreed that Dr. Calkins should talk with Dr. Bell. On the suggestion of Mr. Burgess, it was agreed that after this preliminary conversation, negotiations with both men should be carried on for the Committee by Dr. Calkins and Mr. Sproul jointly.

Formal action on the Brookings proposals was postponed until after negotiation with Messrs. Bell and Powell made possible a more specific plan.

It was agreed that plans now in prospect must, if approved by the Committee, be cleared with the Rockefeller Foundation and the Foundation's assent be expressed in writing before the proposed shift of administrative responsibility to Brookings could be completed.

Monographs

Dr. Calkins also reported that two monograph ideas previously considered are developing while a new one bears promise.

Mr. Howard Hackley has been moving ahead in his own time on sectors of the legal history of the Federal Reserve System. He prefers to work this way, desires no compensation, wants no favors asked for him of the Board of Governors of the Federal Reserve System, would welcome Committee aid in publication. He has developed an outline, of which the Committee has a copy.

Mr. Bray Hammond's suggestion of a monograph to be done on check clearance and collection has been widened in scope to become a study of the evolving role of the payments mechanism. He will prepare an outline.

Dr. John Williams has expressed himself as interested in writing a short book or a long monograph on Monetary and Fiscal Policy, with accent on the former. The Committee asked a more specific description and commitment to be sought by Dr. Calkins.

Approval of these three ideas was expressed in principle. Further negotiation will be needed before commitments are ready for Committee action.

Postponed

Discussion of two other monograph suggestions, of the employment of Dr. Howard Ellis, of seminar plans, of further search for an historian were held in abeyance as dependent on the development of the Brookings proposals.

Other Business

An invitation having been received by the Executive Director for a centenary celebration at the home of Woodrow Wilson in Staunton, Virginia, on April 28th, it was agreed that Mr. Hugh Leach, President of the Federal Reserve Bank of Richmond, be asked to represent this Committee.

The meeting was adjourned at 1:20 p.m., with an Executive Committee meeting scheduled to follow after luncheon.

Donald B. Woodward ✓
Secretary

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Minutes of Executive Committee Meeting
Monday, April 16, 1956
Washington, D. C.

Distributed
April 30, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins

The Executive Committee convened at 2:10 p.m. in the lounge at the Brookings Institution. All members were present, also Miss Adams as Executive Director.

Resolutions

On the basis of a memorandum circulated in advance by Mr. Woodward, it was resolved to appropriate \$1,500 as a pilot grant to the Columbia University Library for handling costs in the acquisition and arrangement for scholarly use of the papers of Frank Vanderlip. This grant was assigned out of \$11,000 set aside in 1955 to pay the anticipated costs of paper handling for this project.

It was agreed that Dr. Kincaid's Selective Inventory of the Papers of Carter Glass, of which the Committee has 35 mimeographed copies, should be distributed to libraries. A list of proposed depositories will be drawn up and circulated to members of the Executive Committee for their additions or deletions.

It was agreed that the list of pertinent collections of private papers which the Committee's staff has compiled should be duplicated and distributed to the same list.

Housekeeping Details

Anticipating the Committee's later approval of Brookings proposals for the acceptance of added administrative responsibility in the Committee's work, various decisions were made as follows:

Expected date of transfer of research materials to Brookings -
June 1, 1956.

Termination of staff positions (including vacations due)

Miss Adams - June 30, 1956
Miss Burstein - June 30, 1956
Miss McKinstry (part-time) when appropriate, but not later
than June 30, 1956

Moving of files and materials

An inventory of research materials, files, Minute Books, supplies and equipment will be made, and arrangements completed for transferring appropriate items to Brookings by June 1st. It was pointed out that Committee files contain certain confidential material, such as records of interviews, verbatims of the Princeton meetings, etc., and that these must be securely labelled to prevent danger of unauthorized use. Books which have been accumulated, and which are duplicated in the Brookings library, will remain in the Federal Reserve Bank of New York.

Servicing of Committee

Dr. Calkins indicated that the handling of Committee meetings, Minutes and other service details would be the task of the new project head and his secretary.

Old Business

Mr. Sproul reported for the record that following the previous meeting he had written both Mr. Russell Leffingwell and Mr. Parker B. Willis about papers. Mr. Leffingwell indicated that he wanted any of his Treasury papers still on hand to go to the Library of Congress. Mr. Willis expressed a wish that his mother, his brothers and himself go over his father's papers before sending them on to Columbia. Attempts will be made by Margaret Myers Beckhart, as an old friend, to see that the H. Parker Willis collection goes to Columbia intact, but no action has yet been taken.

The meeting was adjourned at 2:30 p.m.

Donald Woodward ✓
Secretary

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Minutes of Committee Meeting
Saturday, February 4, 1956
Princeton, New Jersey

Distributed
2/17/56

TO: Messrs. Allen Sproul, Chairman
W. Randolph Burgess
Robert D. Galkins
F. Cyril James
William McC. Martin, Jr.
Walter W. Stewart
Joseph H. Willits

The Committee convened at 10:15 a.m. in the Seminar Room at the Institute for Advanced Study at Princeton, New Jersey. Members present were Chairman Sproul, Messrs. Burgess, Galkins, James, Riefler (for Mr. Martin), Stewart, Willits and Woodward. Miss Adams was present as executive director.

Reading of the Minutes of the previous meeting (May 24, 1955) was foregone as they had been distributed to members.

Purpose

The Chairman declared the purpose of the meeting to be a review of the progress of the project to date, a discussion of its future course and a decision as to which of several suggested courses should be adopted. He declared the Committee to have been "fertile in ideas and paper plans" but lacking in the executive means of obtaining the needed historians of the Federal Reserve System or writers of monographs concerning particular episodes in its history. (A copy of the Chairman's review will be placed in the Minute Book.)

Reports

Three reports, previously circulated to members, were then summarized. (These will be placed in the Minute Book.) Dr. Galkins presented the report of the Subcommittee on Monographs which held two sessions during the summer of 1955. He added an oral extension of that report to include an expanded account of a conversation with Dr. R. J. Saulnier who is interested in the general field of Committee interest but not now available, and of a conversation with Dr. Howard Ellis; the latter would like to do a study of the Federal Reserve's foreign relations in the 1920's but might be persuaded to undertake the writing of a history of the System if the field were broadly defined.

Mr. Woodward presented a memorandum on proposals to put into effect the monograph approach to the preparation of historical studies of the Federal Reserve System which included seminars at Brookings; he also reported on topics for monographs which could be collected into several proposed volumes.

Mr. Burgess presented a compromise plan, previously discussed in meetings of the Executive Committee, which would include commissioning a single volume sequential history, a volume of readings, and other volumes which would be in substance collections of monographs. He suggested the commissioning of Dr. Ellis to write either the history or a monograph.

The memorandum on proposed monographs was discussed at length, and with suggested emendations.

Discussion of Alternative Courses

On the basis of these reports the Chairman called for consideration of four alternative courses of action:

- (1) As originally planned,
- (2) Monograph approach immediately, while continuing search for author or editor of definitive history,
- (3) Sequential or text book history, with one or more volumes of supplementary readings, monographs and, possibly, volume of previously unpublished material uncovered by this project,
- (4) Wind up project at end of fiscal year June 30, 1956.

Two further suggestions emerged during the discussion:

- (1) First, that the logical place to focus the continuance of the Committee's plans is the Brookings Institution;
- (2) Second, that in view of the executive problem created by the "frailties attendant on distinction" the Committee revise its constitution so as to divide the operations of trustee and of expert. Executive functions would be shifted to Brookings and the Committee functions clarified as advisory.

In further discussion of the various proposals facing the Committee, it was emphasized that the changes proposed involved no lessening of Committee responsibility but were designed to speed the plans of the Committee by improving their functioning mechanisms.

Clause of Enactment

During the luncheon period Mr. Woodward and Miss Adams put into skeleton form the consensus arrived at during the morning's discussion. After Committee revision it was accepted as follows:

"Provided that the Brookings Institution should decide to appoint a full-time staff member in the field of central banking who would devote his entire time to this responsibility, this Committee, considering in the light of two years' experience what its future course should be, proposes:

"I. To affirm its responsibilities toward the general development of the project as follows -

1. The Committee will continue to
 - (a) review general policy and individual projects,
 - (b) authorize expenditures jointly with Brookings,
 - (c) counsel and advise those commissioned to work in the project,
 - (d) read and criticize manuscripts.

"II. To modify its administrative arrangements whereby -

1. The Committee would invite the Brookings Institution to be responsible for the executive initiative concerning:
 - (a) the formulation of programs and the finding and employing of properly qualified persons to activate programs, these to be submitted to the Committee for review, criticism and authorization. Such programs will include the stimulation of interest in the field of central banking, the commissioning of monographs, the continuing hunt for an historian and all other activities necessary to carry the project to successful fruition.

It was also decided that it is the sense of the Committee that it would be desirable to employ Dr. Howard Ellis for a major writing assignment in this project and to authorize Dr. Galkins to execute this consensus if and when the revised course of the project has been approved."

The report of the Executive Director, distributed to members at this meeting (a copy has been placed in the Minute Book), included an Executive Committee report of discussions held with the authorities at Columbia University regarding the establishing of a center for collections of bankers' papers. The sum of \$35,000 would be needed to set up and maintain such a center. It was agreed that if Columbia chose to request such funds from one of the foundations, this Committee would lend its aid by endorsement and support of such a request.

The report also included a suggestion approved by the Executive Committee that data collected on the whereabouts of 104 collections of pertinent papers be circulated to interested institutions such as university libraries. Mechanics and timing remain to be worked out.

The Executive Director recommended that a well-planned effort be made to get the Parker Willis papers and the Leffingwell-Treasury papers to a scholarly depository, and that consideration be given to the publication of

the Strong-Norman correspondence. It was agreed that Columbia be asked to take the two collections, and that the Chairman would support requests for the papers when their consent was obtained.

Next Steps

It was agreed that Dr. Galkins should present the Committee's proposal to the Board of the Brookings Institution at their next meeting (in early March) and that if accepted by that Board, he and Mr. Woodward should then discuss the Committee's proposal with the Rockefeller Foundation and seek a renewal of its approval of the revised program.

The meeting was adjourned at 3:30 p.m. The meeting of the Executive Committee which had been planned to follow was postponed until a later date.

Donald B. Woodward ✓
Secretary

July 19, 1956

Miss Mildred Adams,
Compo Parkway,
Westport, Connecticut.

Dear Miss Adams:

This is just to advise you that Mr. Woodward has received the letters that you sent to him and that they have all been signed and mailed out.

Very truly yours,

Lucilla McCoubrey
Secretary

Compo Parkway
Westport, Connecticut
July 17, 1956

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Dear Don:

Here is a tag end of Committee work which was supposed to have been finished before June 30, but was held for the accompanying piece of illustrative material from the New York Federal Reserve Bank. I had hoped to date this letter to Bank liaison officers as of June 29th and apologize for late sending, but I see that the New York Bank item is dated July 7th which rules that out.

Under the circumstances, and because I have already sent out notes to the Presidents of the twelve Federal Reserve Banks telling of the project's transfer to Washington (and my resignation), the simplest thing seems to be to suggest that you sign these letters as Secretary. This is not by-passing Bob, but tying up a stray end which I had expected to get out earlier.

Thanks so much, and best greetings


Mildred Adams

Enc.

The Brookings Institution

Washington 6, D. C.

July 10, 1956

**Memorandum to: Members of the Committee on the History of
The Federal Reserve System**

**Mr. Burgess
Mr. James
Mr. Martin
Mr. Stewart
Mr. Willits
Mr. Woodward ✓
Miss Adams**

From: Robert D. Calkins

I am enclosing herewith a copy of a letter from Dean Rusk responding to our request to the Rockefeller Foundation. This letter was forwarded from Mr. Sproul's office while I was away, which accounts for it not being sent to you earlier.

The letter indicates the Foundation's approval of the transfer of responsibility for the project to the Brookings Institution.

The Foundation sees no difficulty if (a) a carefully planned series of monographs drawn together by a one or two volume general history of the System is prepared; or (b) an even more carefully planned series of monographs with an over-all editor, which in total would comprise a responsible and comprehensive account of the Federal Reserve System is published. These plans are regarded as close to the original conception of the Foundation for "a living history and appraisal of one of the unusual inventions of government, a review of the experience of its functioning, and an analysis of its performance illumined by the papers and memories of men who helped develop it and who took part in its operation."

The first of these alternatives would involve no further action by the Foundation. If the second alternative were pursued, the Foundation would wish to report the amendment to the Board. Any less complete plan would require a reconsideration by the Board of Trustees of the Foundation since the main purpose of the original grant would be directly involved.

It seems clear that if we are able to obtain the services of Redvers Opie and proceed with our present plans, we would be following the first alternative as outlined by Dean Rusk and no problem of further clearance

with the Foundation would arise. If Dr. Opie is not available, we shall hope to look for other personnel of comparable ability before turning to alternative (b) as a possible way to proceed. As soon as I have received word from Dr. Opie, toward the end of July or early August, I will communicate with you promptly.

If you have any reactions regarding Dean Rusk's letter or our present plan of procedure, I should be very glad to receive them.

I am enclosing also a letter I have received from John Williams, which I shall pursue further in the late summer or early fall.

Encs.

THE ROCKEFELLER FOUNDATION

49 WEST 49th STREET, NEW YORK 20

OFFICE OF THE PRESIDENT

June 19, 1956

Dear Mr. Sproul:

My colleagues and I have given your letter of June 5, addressed to Dr. Norman Buchanan, the careful consideration which it clearly deserves. Let me say at once that we appreciate the thoughtful interest and time which the members of your Committee have given to the history of the Federal Reserve System.

The resolution of your Committee concludes with a recommendation and a request. The request is that full responsibility for administering the project be transferred to the Brookings Institution, the Committee to serve in an advisory capacity to Brookings. That seems to us reasonable and wise, and requires no legislative action under the resolution of our Trustees. Since this step is within the discretion of Brookings and your Committee, we need only to record that it is entirely agreeable to The Rockefeller Foundation.

Turning to the recommendation that the Committee (presumably now Brookings) be relieved of an obligation to prepare a "definitive" history as the principal objective of this undertaking, the problem is somewhat more complex. The salient facts seem to be (a) that the Trustees of the Foundation made the grant in the hope that a comprehensive and up-to-date history of the Federal Reserve would result; (b) that the Committee, after serious and diligent effort, has concluded that a "definitive" history is not feasible; and (c) that the Committee believes, however, that it is desirable and important to proceed with historical work on the Federal Reserve, to include selected monographs and a one- or two-volume history of the System, if feasible.

Perhaps we should first de-emphasize the intimidating word "definitive". No history is likely to be definitive to a conscientious historian. This word was not used in our resolution of appropriation nor was it used in our letter of notification to Brookings. What we essentially had in mind was "a living history and appraisal of one of the unusual inventions of government, a review of the experience of its functioning, and an analysis of its performance illumined by the papers and memories of men who helped develop it and who took part in its operation", to quote from one of our internal papers on the subject.

In trying to assess present prospects, it should be said, on the negative side, that the Foundation would not be satisfied with a miscellany of incidental monographs or papers which would not, in total, amount to a serious and reasonably comprehensive account of the Federal Reserve experience. We can well imagine that a one- or two-volume history supplemented by first-class incisive monographs would come as close to the original plan as is now feasible.

We should be reluctant to agree that a "definitive" history is no longer the target, if by doing so we were to rob the effort of its central rationale and deprive it of an idea which could serve to organize the remaining work. We ourselves have not, on the other hand, insisted upon the word "definitive" and would not expect the impossible or impractical. Most specifically, we would not wish to press for an effort which could only result in a second-rate job which was only definitive if measured by its bulk.

Would it be helpful to your Committee to accept the quoted portion in the fourth paragraph, above, as an alternative to "definitive"? If so, we see no particularly difficult problem here. One of two alternatives would seem to meet the purposes for which our grant was made: (a) a carefully planned series of monographs drawn together by a one- or two-volume general history of the System (b) an even more carefully planned series of monographs, with an overall editor, which in total would comprise a responsible and comprehensive account of the Federal Reserve System; this would involve thoughtful strategic planning of the monographs in relation to each other and would hopefully produce a series which would not leave any major segments of the story unexplored.

I do hope this letter will help to clarify the position and might open the way for a satisfactory conclusion. We must rely heavily upon the advice and judgment of your distinguished Committee. Alternative (a), above, would require no further reference to our Trustees; if alternative (b) were adopted, we would at least wish to report this amendment to our Board; anything less would, of course, require reconsideration by our Board since the main purpose of the original grant would be directly involved.

May I say once again how grateful we are for the time and anxiety which the members of your Committee have themselves invested in this undertaking.

Sincerely yours,



Dean Rusk

Mr. Allan Sproul, Chairman
Committee on the History of
the Federal Reserve System
33 Liberty Street
New York 45, New York

THIRTY THREE LIBERTY STREET
NEW YORK 45. N. Y.

June 28, 1956

Dear Bob:

I have delayed my reply to your very kind letter of June 5th, so as not to bother you with it before your return from the West Coast, and also to give myself some more time to think.

But actually I am as much in a quandary as ever. You are quite right in thinking that the kind of book you suggest is what would interest me most, and perhaps what I am best fitted for, in view of the sort of life I have had. At the same time, I have misgivings. Perhaps I have plowed this particular furrow long enough, even though I have not written the book. Conant used to tell me that my last phase should be at Harvard, writing about it all, but I was never sure in my own mind, and am no more so now.

I feel that the best thing to do now is to go home (this is my last day at the Bank) and spend a frankly lazy summer, for a change, to see what comes out. I am afraid that if we try to discuss it now, I would have nothing to add to what I have said. On the other hand, I realize that you will be wanting to go ahead with your program, particularly now that you have the full responsibility and direction of it, which I have thought all along was the only right answer. If you are willing, I suggest that we put it off until the fall, when I shall be embarking upon my last year at Harvard, if you don't feel that this will be holding you up too much. At the same time, I should add that this suggestion carries no kind of implication that I will feel differently inclined in the fall.

I hope you had a good vacation, and I do wish you all success with this program. It seemed to me from the start a pretty difficult and hazardous venture, but, as I have said, I do think it is now set up in the right way.

With very best wishes,

Sincerely yours,



Dr. Robert D. Calkins
President
The Brookings Institution
Washington 6, D. C.

P.S. Home address:
148 Coolidge Hill
Cambridge 38, Mass.

The Brookings Institution

Washington 6, D. C.

June 11, 1956

Miss Mildred Adams
Committee on the History of
the Federal Reserve System
33 Liberty Street
New York 45, New York

Dear Miss Adams:

I am glad to advise you of the extension of your appointment from June 30 to July 31, 1956, in order that you may close out the New York office in an orderly way and obtain the vacation leave that is due.

I am sure I speak for the whole Committee in expressing our deep gratitude to you for the excellent work you have done in finding and making available materials and in overseeing the other activities of the Committee. It has been a joy to work with you. With you, upon leaving the project, will go the very best wishes of all of us.

Sincerely yours,

President

cc: Mr. Woodward ✓
Mr. Akers
Miss Maroney
Mrs. Wilson

FEDERAL RESERVE BANK
OF NEW YORK

June 6, 1956

Dear Don:

I appreciated your letter of May 9 both because of its understanding of my desire to return to California and because of its expressions of regard for the work I have done while pursuing a career in the Federal Reserve System.

Yesterday I discharged what I think is my last duty as Chairman of the Committee on the History of the Federal Reserve System, signing a letter from the Committee to Norman Buchanan at the Rockefeller Foundation telling him how we would like to have our grant reinterpreted. You may be sure, however, that my interest in the work of the Committee will be undiminished and I might even come around to making a contribution to the performance of its task.

With best regards,

Yours sincerely,



Allan Sproul

Mr. Donald B. Woodward,
122 East 42nd Street,
New York 17, N. Y.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM MCC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

April 23, 1956

Dear Don:

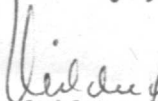
Thanks for your suggestions about the Minutes of the Washington meetings. I will see that Dr. Calkins gets a preliminary set of Minutes.

About the grant of \$1,500 to Columbia, I started with the Chairman, who tells me that he thinks the Secretary is the one to write the letter of notification. Dr. Logsdon tells me that it should be addressed to the Trustees of Columbia University, but sent to him with a covering letter.

We would like a copy for our files, and I assume you would want to go to Dr. Calkins as authority to sign the necessary check. It is wonderful to have this good and fruitful accomplishment to report for 1956.

I hope your customary energy is returning.

Best as always,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

May 23, 1956

Trustees of Columbia University
Columbia University
New York 27, New York

Gentlemen:

I am enclosing herewith a check for fifteen hundred dollars (\$1,500.00) in full payment to Columbia University on behalf of the Committee on the History of the Federal Reserve System for use by the Library in organizing the Vanderlip Papers. It was my understanding that Mr. Donald Woodward and Miss Mildred Adams have discussed this project with Mr. Richard H. Logsdon, Director of the Libraries.

Sincerely yours,

President

Enclosure

cc: Mr. Richard H. Logsdon
Director of Libraries, Columbia University

Mr. Woodward
Miss Adams

May 24, 1956

MEMORANDUM

To: Mr. Calkins
From: Mildred Maroney
Subject: Agreement with Lester V. Chandler, September 14/16, 1954
—For a Ben Strong Biography Project

Financial commitments under this agreement, beginning September 20, 1954 and ending June 30, 1957, were of twofold character.

(1) Personal compensation to Dr. Chandler aggregating \$5,000, of which \$2,500 has been paid and \$1,000 is due to be paid on June 1, 1956. The balance of \$1,500 is payable December 1, 1956. The balance of \$1,500 is payable December 1, 1956 and March 1, 1957.

(2) Advances for expenses of Dr. Chandler aggregating \$7,000. Of this amount, \$6,000 has been disbursed to Dr. Chandler and the balance of \$1,000 is payable September 1, 1956.

In this memorandum, I am concerned with the second section of payments described above.

According to the contract, advances for expenses were not subject to refund of unexpended funds until June 30, 1957. However, a report of expenditures was requested annually.

Dr. Chandler's first report was submitted as of the end of July, 1955. At that point, he had used \$1,375.64 out of \$3,000 which had been advanced. Meanwhile, we have advanced another \$3,000. Thus, there presently a balance of \$4,624.36 unaccounted for.

I would like you to request Dr. Chandler to submit his expense report this year as of the end of June instead of the end of July, and we should receive it during the month of July. This will facilitate a more precise statement of expenditures and unexpended balances for the Federal Reserve Project as a whole. /

Last year, the report was not received until the end of August—not in time for adjustment of our accounts. Thus, expenditures for fiscal year 1954-55 were over-stated. We try to finish our calculations for the fiscal year by the beginning of August, and any adjustments which we learn about after that time would require us to tear apart not one but several financial statements.

Last year, it did not seem particularly important, as I knew it would come out in the wash. I imagine, however, that the Committee on the History of the Federal Reserve System should be supplied with a more accurate statement of position when we close for the fiscal year ended June 30, 1956.

/ Alternatively, please authorize me to write to Dr. Chandler on this point. I am going through you in case there are any other aspects of the contract which you might wish to take up at this time.

TRUSTEES

WILLIAM R. BIGGS, *Chairman*
 ROBERT BROOKINGS SMITH, *Vice Chairman*
 ARTHUR STANTON ADAMS
 DANIEL W. BELL
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 DONALD B. WOODWARD

HONORARY TRUSTEES

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 JOHN LEE TRATT

The Brookings Institution

Washington 6, D. C.
 722 JACKSON PLACE, N. W.

OFFICERS

ROBERT D. CALKINS
President
 MILDRED MARONEY
Treasurer
 ELIZABETH H. WILSON
Secretary
 SHELDON B. AKERS
Executive Manager

May 25, 1956

Miss Mildred Adams,
 Committee on the History
 of the Federal Reserve System,
 33 Liberty Street,
 New York 45, New York

Dear Miss Adams:

I enclose herewith a budget statement for the current fiscal year, and a cumulative report of expenditures and receipts from beginning of the project.

In both cases, I have attempted to carry the figures to the end of June, 1956, but I would like you and the Committee to realize that I have no confidence in the estimates for the current quarter, because I have inadequate information concerning bills outstanding or impending.

This should be evident from the fact that I have now raised my own estimate for the current year from \$31,000 as estimated for our Trustees in early May to about \$34,000, less whatever balance in Dr. Chandler's expense fund will be reported as unused at the end of the period.

One factor in this increase of estimates is the grant of \$1,500 to Columbia University which I learned about only this week. In our telephone conversation yesterday, you stated that this obligation was on record in minutes of the Committee.

I have never seen an minutes of the Committee. I have simply assembled the best figures I can on the basis of what has gone over my desk, and from quizzing Mr. Akers and Dr. Calkins.

I would be glad to see the minutes if, as I believe, these objectives are desirable: (1) To place the accounts more nearly on an obligations basis instead of a mere cash disbursements basis. (3) Better estimating.

Yours sincerely,

Mildred Maroney
 Treasurer.

BUDGET STATEMENT

Project on the History of the Federal Reserve System
July 1, 1955 - June 30, 1956

	Budget Estimates R. D. C. to R. F. 12/21/55	Expenditures 7/1/55--3/31/56 Actual	Expenditures 7/1/55--6/30/56 Re-estimated
Salary commitments (Adams, Singer, Burstein, Burnett)	16,845.00	13,172.65	16,823.65
Salary estimates (Bank employees, miscellaneous personal services, and other items not pre-determined)	3,100.00	2,078.78	3,659.98 ^{a/}
Contract with Chandler	6,500.00	4,500.00	6,500.00
Travel, supplies, and misc. expenses	5,000.00	1,286.82	2,302.82
Brookings overhead	3,000.00	2,250.00	3,000.00
New projects and contingencies	10,000.00		
Princeton conference		214.19	214.19
Grant to Columbia University			1,500.00
Totals	44,445.00	23,502.44	34,000.64

a/ This item includes:

Robert D. Calkins.....	250.00	} DBW: These are allocations of Regular Brookings' salary based on time sheets. Are they proper charges additional to the B. I. allowance for overhead? -mm
Walter Salant	38.14	
John Gurley	36.91	
Howard Ellis	50.00	
Miss Burnett	200.00 (estimate of excess over commitment)	
McKinstry	2,219.89 (estimate)	
Monte	24.13 (to 3/31)	
Puglisi	13.03 (to 3/31)	
Meglio	57.45 (to 3/31)	
Sites	23.00	
Misc. services (stone)	<u>747.43</u> (\$147.43 to 3/31 plus est. of \$600)	

3,659.98

CUMULATIVE FINANCIAL REPORT
 Project on the History of the Federal Reserve System
 As of May 24, 1956

EXPENDITURES	1/1/54- 6/30/54	7/1/54- 6/30/55	7/1/55- 3/31/56	Est. 4/1/56- 6/30/56	Totals
Salaries	8,865.30	23,016.10	15,106.33	4,582.00	51,569.73
Honoraria and consultants	—	400.00	—	50.00	450.00
Misc. personal services...	—	547.99	170.43	600.00	1,318.42
Contract payments.....	<u>1,333.33</u>	<u>6,380.42</u>	<u>4,500.00</u>	<u>2,000.00</u>	<u>14,213.75</u>
Total, personal services	10,198.63	30,344.51	19,776.73	7,232.00	67,551.90
Grant	—	—	—	1,500.00	1,500.00
Travel	957.66	3,500.11	800.35	450.00	5,708.12
Miscellaneous expenses....	882.35	1,910.13	675.33	566.00	4,033.81
B. I. overhead allowances.	<u>—</u>	<u>3,000.00</u>	<u>2,250.00</u>	<u>750.00</u>	<u>6,000.00</u>
Total Gross Expenditures...	12,038.64	38,754.75	23,502.44	10,498.00	84,793.83
Less unexpended balance of contract payments representing advances of \$6,000 for expenses to Lester V. Chandler — to be reported as of June 30, 1956 and carried to deferred debits					<u>?</u>
Total Net Expenditures					?
RECEIPTS (Grants of \$220,000)	10,000.00	53,325.00	31,913.39 *	—	95,238.39
UNEXPENDED BALANCE ON HAND BY BROOKINGS INSTITUTION AND CHANDLER, 6/30/56....					<u>?</u>

*Budget of \$44,445.00 less cash balance \$12,531.61 July 1, 1955.

Columbia University
in the City of New York
[NEW YORK 27, N. Y.]

RECEIVED

MAY 18 1956

COMMITTEE ON THE HISTORY
OF THE
FEDERAL RESERVE SYSTEM

DIRECTOR OF LIBRARIES

May 17, 1956

Dear Mr. Woodward:

Thanks much for your letter of May 8 reporting that the Committee on the History of the Federal Reserve System has voted a grant of \$1500 to Columbia University for use in the Libraries in organizing the Vanderlip papers.

I will hold the letter to the Trustees until the check is actually received, at which time we will proceed with the work.

We have not forgotten the proposal that a separate Foundation request be prepared for this project and will have something ready in due course.

Sincerely yours,



Richard H. Logsdon

gw

cc: Mr. Baughman

Mr. Donald B. Woodward
Committee on the History of the Federal Reserve System
33 Liberty Street
New York 45, New York

Committee on the History of the
Federal Reserve System

DATE May 16/56

P W

Ma

FROM

REMARKS

Here is a name you
may know - Callins
will bring his name up
on the 28th
M.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

May 16, 1956

Dear Mr. Sproul:

Dr. Calkins phoned this morning before starting on a Western trip to ask that I send you information about a new prospect for this project, Dr. Redvers Opie, who was a senior member of the Brookings staff from 1947 to 1953, and is now on a U. S. Government Mission to Turkey, having to do with private foreign investment.

Dr. Opie is 56 years old, was born in England, educated at the University of Durham and at Oxford, took his Ph.D. at Harvard; married Taussig's daughter Catharine in 1929 (and has since been divorced), became an American citizen in 1948.

His career data is as follows:

Lecturer in economics, Univ. of Durham, 1919-23.
Lecturer in economics, Wellesley College (U.S.A.), 1923-24, Harvard Univ., 1924-30.
Fellow of Magdalen College, Oxford, 1931-45, Home Bursar, 1935-40 (on leave of absence for National Service from Sept. 1939).
University lecturer in economic science, 1936-39 (lectured on the Federal Reserve System).
Counsellor and economic adviser to British Embassy, Washington, D. C. (resigned 1946).
Adviser, U.K. Delegation, International Food Conference, 1943.
U.K. Delegate, International Monetary and Financial Conference, 1944 (Bretton Woods).
Member, U. S. Govt. Mission, on Private Foreign Investment, to Turkey, 1953.
X Senior staff member, Brookings Institution, Washington D. C., 1947-53. X
Director: Business International (New York), since 1954; City Centre Properties Ltd. (London) since 1954.
President, American Ligurian Company Inc., New York, 1947-54.

The British Who's Who lists his publications as follows:

"Major Problems of U. S. Foreign Policy." (Joint), annually, 1947-52.
"Anglo American Economic Relations." 1950.
"Current Issue in Foreign Economic Assistance." 1951.
"The Search for Peace Settlements." 1951.
"American Foreign Assistance." 1953.

Opie's name has been mentioned before by Dr. Stewart, who spoke well of him. Dr. Calkins says he is able, writes well, and is completely familiar with the subject. Also he is interested. He has been in Washington recently where Dr. Calkins talked with him. He must go back to Turkey for the summer, but could start work on this project in October.

I checked on Dr. Opie with British friends who describe him as lively, attractive and intelligent, likely perhaps to scatter his efforts among many interests rather than plugging steadily in one job, but sure to finish what he undertakes. His academic record was excellent, and some of his friends would like to have seen him stay in the academic world, where he seemed headed for real distinction, but the war and the chance of government service took him out of that. His reputation at Brookings was such that Dr. Calkins is recommending him to your interest. He will want to bring Dr. Opie's name up at the meeting on the 28th.

Faithfully yours,



Mildred Adams

Mr. Allan Sproul
33 Liberty Street
New York 45, N. Y.

c.c. - Dr. Walter Stewart
Mr. Donald Woodward ✓

May 21, 1956

Dr. Robert D. Calkins, President,
The Brookings Institution,
722 Jackson Place, N. W.,
Washington 6, D. C.

Dear Bob:

I am enclosing copies of the letters written to Dr. Logsdon at Columbia University, and I understand that Miss Adams has made arrangements with you for payment of the \$1,500.

Looking forward to seeing you on the 28th,

Cordially,

Enclosures
DBW:lm

May 8, 1956

Trustees of Columbia University,
Columbia University,
New York 27, New York.

Gentlemen:

This letter will constitute formal notification that the Committee on the History of the Federal Reserve System has voted a grant to the Columbia University Library of \$1,500. for use in organizing the Vanderlip Papers.

Very truly yours,

Donald B. Woodward

DBW:lm

cc: Miss Mildred Adams

May 8, 1956

Dr. Richard H. Logsdon, Director of Libraries,
Columbia University,
New York 27, New York.

Dear Dr. Logsdon:

Enclosed is a letter to the Trustees of Columbia University giving formal notification that the Committee on the History of the Federal Reserve System has voted a grant to the Columbia University Library of \$1,500. for use in organizing the Vanderlip Papers.

The Committee is very much interested in and warmly endorses your activities.

Very truly yours,

Donald B. Woodward

DBW:lm
Enclosure
cc: Miss Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*

W. RANDOLPH BURGESS

ROBERT D. CALKINS

F. CYRIL JAMES

WILLIAM MCC. MARTIN, JR.

WALTER W. STEWART

JOSEPH H. WILLITS

DONALD B. WOODWARD, *Secretary*

MILDRED ADAMS, *Executive Director*

With cooperation of

THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

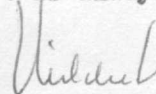
May 15, 1956

Dear Don:

I had an exceedingly interesting conversation this morning with your friend Fred Simmons at the Guaranty Trust. He made suggestions which I shall follow up with pleasure, and which should prove valuable.

Thanks ever so much for making this possible.

Best as always,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Committee on the History of the
Federal Reserve System

DATE

May 4/56

TO

Donald Woodward

FROM

Birdsall Adams

REMARKS

Help, please, on the
second paragraph.
I hope I won't have
to make this plea all
big ugly!

U.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

May 4, 1956

Dear Bob:

I talked yesterday with Mr. Roelse who, like most of the people in this Bank, is still suffering from the shock of Mr. Sproul's resignation. He has made a suggestion for a man to do the perfectly straight-forward history which he is going to mention to Mr. Sproul. This is O. Ernest Moore, now economic and financial adviser to the Haitian government and the National Bank of the Republic of Haiti, formerly manager of the Research Department in the New York Bank. His record is enclosed. Roelse thinks very highly of him, says that he writes reasonably well, that he is a very competent worker and would do well with straight-forward narrative. He has great capacity for absorbing vast quantities of material and setting them in order.

Two or three times I have been told that it probably would be necessary to "close out the project." I do hope this is only a short-hand phrase and not literal. The Chandler book must of course be finished and published. In addition, I hope most earnestly that the legal study which Hackley has under way, the Hammond study of the evolution of the collection function and Williams' study of the relation between fiscal and monetary policy will be put through. All three of these give promise of being distinguished work, very much to the point, and I would think that if nothing further was commissioned, those three ought by every standard to be carried through.

This may be comprehended in your present thinking, but if not, I do hope you will consider it seriously. Having gone so far with these, it would seem to me a real tragedy to drop them at this point.

We are still working on the matter of a date for the meeting at the end of May. I will let you know the moment anyone of the three days mentioned becomes firm.

Cordially yours,

Mildred Adams

Dr. Robert D. Calkins
The Brookings Institution
722 Jackson Place N. W.
Washington 6, D. C.

c.c. - Mr. Donald Woodward ✓

May 9, 1956

Mr. Allan Sproul, President,
The Federal Reserve Bank of New York,
33 Liberty Street,
New York, New York.

Dear Allan:

This will acknowledge your letter of resignation to me as Secretary of the Committee on the History of the Federal Reserve System, but stating your willingness to continue toward a possible resolution of its affairs during the next few weeks. I note that copies went to the other members of the Committee.

As you know, a meeting of the Committee is scheduled for May 28, at which time this matter can come formally before the Committee for its action.

May I add, personally, that your departure is very distressing; both the Committee and the Federal Reserve System in my view will suffer irretrievably. Yet, I can well understand the attractions of a freer life in California and I do most warmly hope that you will find everything in it that you wish.

Cordially,

DBW:lm

Committee on the History of the
Federal Reserve System

DATE May 8 / 56

TO Donald Woodward

FROM Walter Adams

REMARKS

Here with a copy of the
letter from Mr. Sproul which
was so confidential that
you and I both hid our
respective copies where
they can't be found!

Walter

Line at top answers your question

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 Liberty Street, New York 45, New York

April 27, 1956

Personal and Confidential

Mr. Donald B. Woodward,
122 E. 42nd Street,
New York 17, N. Y.

Dear Don:

I have forgotten just how I came to be Chairman of the Committee on the History of the Federal Reserve System, but I think it was done by Randy Burgess and you. In any case I assume that you are the one I should write to in order to relinquish that office. As will be announced Monday afternoon, April 30, for release Tuesday morning, May 1, I am resigning as President of the Federal Reserve Bank of New York effective June 30, 1956 and will be on leave beginning June 1, 1956.

Mrs. Sproul and I plan to return to California, which will take me out of the practical orbit of participation in the work of the Committee. This is my resignation, therefore, which can become effective whenever the Committee determines to accept it between now and June 1. If we are soon to have another meeting, and particularly if we are going to find it necessary to wind up the affairs of the Committee, of course, I shall be glad to go through the process with the other members.

Regardless of whether or not further work can be undertaken, I think we have already accomplished some things that were worthwhile and the association has been for me a most pleasant and stimulating one.

Sincerely,

Allan Sproul

P.S. Please treat this as entirely confidential until Tuesday, May 1.

A.S.

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

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1936 MAY 1

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NA009 PD=NEW YORK NY 1 703AME=
DONALD WOODWARD, CARE VICKS=
122 EAST 42 ST=

SPROULS RESIGNATION FROM BANK ANNOUNCED IN TIMES THIS
MORNING SUGGEST IMMEDIATE MOVE TO GET HIM TO HEAD OUR
HISTORY PROJECT=

:MILDRED ADAMS=(

INV. DATE	PUR. ORD.	PARTICULARS	ACCT. NO.	OBJECT	INVOICE AMT.	TOTAL
4/30	SBA	REIMBURSEMENT FOR TRAVEL EXPENSE	2705	401	27 43	
	CHECK NO.	AUTHORIZED AND APPROVED <i>S.B.L.</i> CONTROLLER	DATE OF CHECK 5/2/56	CERTIFIED CORRECT		27 43

Donald B. Woodward
Expenses in connection with trip to Washington for Meeting Monday, April 16,
for the Committee on History of the Federal Reserve System

Sunday

Taxi	\$.60
Dinner, Miss Adams and self	\$8.25
Pullman Porter	.25
Taxi	.75
Bellboy	.35
Hotel Room	11.33

Monday

Breakfast	1.75
Taxi	.75
Pullman chair	2.30
Pullman porter	.25
Taxi	.85

\$27.43

Expenses to Committee on Federal Reserve History

Trip to Washington for Meeting Monday April 16, 1956

Sunday

Taxi .60

Dinner, Miss Adams + Self 8.25

Pullman Porter .25

Taxi .75

Billings .35

Hotel Room 11.33

Monday

Breakfast 1.75

Taxi .75

Pullman Chair (Ticket provided by Committee) 2.30

Pullman Porter .25

Taxi .85

27.43

THE PULLMAN COMPANY

PASSENGER'S CARE CHECK

SEAT(S) No.	FOR	Amount Collected	
6	1	PULLMAN RATE	\$ 2.89
CAR	DATE	TAX	21
701	4/16	TOTAL	2.30
		PSGR(S)	19

- BOSTON
- PROVIDENCE
- KINGSTON
- WESTERLY
- NEW LONDON
- SAYBROOK
- WORCESTER
- SPRINGFIELD
- HARTFORD
- MERIDEN
- NEW HAVEN
- BRIDGEPORT
- STAMFORD
- NEW YORK
- NEWARK
- TRENTON
- PHILADELPHIA
- WILMINGTON
- BALTIMORE
- WASHINGTON

For use if station(s) not shown in printed list

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FROM TO

**PROPERTY TAKEN INTO CAR WILL
BE AT OWNER'S RISK**

AG 79060

212 WOODWARD D B -1- 4/15 1100
 4/16 205 W 54 ST NYC
 FED RES BK VAUGHAN

Manager Hay Adams HOTEL
 SIXTEENTH & H ST., N. W.
 WASHINGTON 6. D. C.

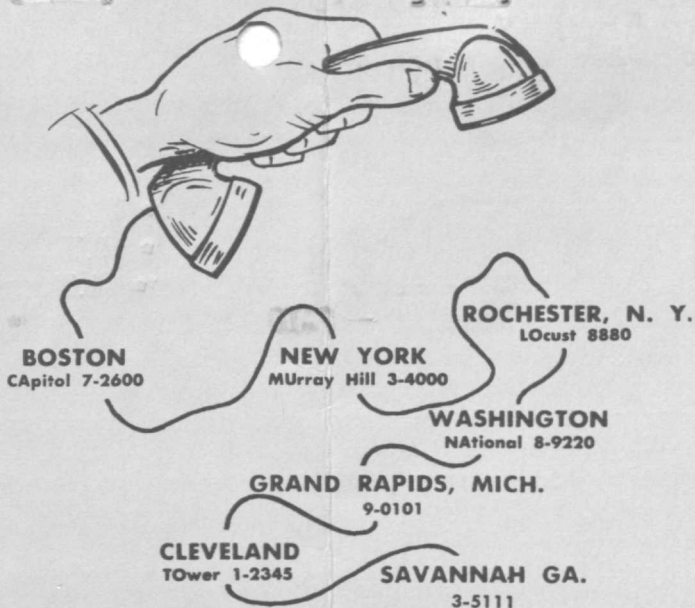
A 1613

MEMO.		DATE	EXPLANATION	CHARGES	CREDITS	BAL. DUE
	1	APR 15-56	ROOM ●●●●	★ 11.00		
	2	APR 15-56	RM TAX ●●●●	★ 0.33		★ 11.33
<i>Personal</i>	3	APR 16-56	L'DIST	★ 1.32		★ 1.32
	4	APR 16-56	— PAID		★ 12.65	★ 0.00
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We dedicate ourselves to finer hotel service. On this and each succeeding visit, it is our hope that we may count you one of our friends, as well as one of our guests.

Sincerely,
 THE MANAGEMENT

This bill includes service charges in connection with local and long distance telephone calls



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just call your nearest Manger Hotel !**

Make reservations for your next trip the convenient Manger Way!
When planning your next trip to New York, Boston, Washington,
Grand Rapids, Mich., Cleveland, Rochester, N. Y., or Savannah, just
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have a prompt, confirmed reservation. This service is free, of course!



NEW YORK CITY		WASHINGTON, D. C.		
MANGER VANDERBILT - MANGER WINDSOR		MANGER HAMILTON - MANGER ANNAPOLIS - MANGER HAY ADAMS		
ROCHESTER, N. Y.	BOSTON, MASS.	GRAND RAPIDS, MICH.	CLEVELAND, OHIO	SAVANNAH, GA.
MANGER FRASER	THE MANGER	MANGER ROWE	THE MANGER	THE MANGER

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM McC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

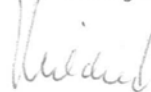
May 2, 1956

Dear Don:

We are getting ready to send out the Carter Glass Inventories to the list of libraries in banks and universities which the Committee has approved. A letter should go with them, signed I would think by the Secretary, and I am enclosing a suggested draft with which I hope you will do exactly as you please.

The Bank will pack and mail these for us, and we are going to try to get them off within a week or so. That means 30 odd letters will go also, and we will need your master draft back as soon as possible.

Best as always,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Enc.

Guaranty Trust Company of New York

New York Offices
140 Broadway
Fifth Avenue at 44th St.
Madison Avenue at 60th St.
40 Rockefeller Plaza

140 Broadway
New York 15, N. Y.

Foreign Offices
London
Paris
Brussels

Frederic L. Simmons
Economist

May 1, 1956

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, New York

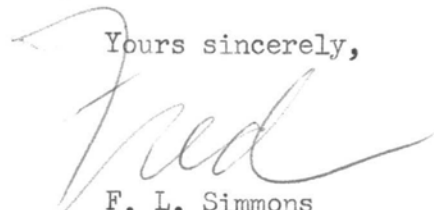
Dear Don:

I should be very glad to see Miss Adams anytime she can come in.

Next week I expect to be out of town from Tuesday afternoon, May 8, for the balance of the week.

Has Miss Adams been Executive Director of the Committee from the beginning of its work? I have some other name in mind, probably quite incorrectly, of possibly someone who was serving as a secretary rather than Executive Director. We met her in your apartment sometime ago.

Yours sincerely,



F. L. Simmons
Economist

mC

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM MCC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

April 27, 1956

Personal and Confidential

Mr. Donald B. Woodward,
122 E. 42nd Street,
New York 17, N. Y.


Dear Don:

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Regardless of whether or not further work can be undertaken, I think we have already accomplished some things that were worthwhile and the association has been for me a most pleasant and stimulating one.

Sincerely,


Allan Sproul

P.S. Please treat this as entirely confidential until Tuesday, May 1.

A.S.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

April 27, 1956

Dear Dr. Calkins:

We have estimates on the cost of moving, which the Bank has obtained, and also a figure for the purchase of the file cabinets. The details are as follows.

Weissberger Moving & Storage Company, which sends a truck to Washington at least three times a week, will take our material as a partial load at a rate of \$5.85 per hundred weight. This is based on the regular Allied Van Lines tariff. In addition, there is a charge for strapping file drawers and furnishing necessary cartons. We figure that the whole thing will cost around \$70, but that figure is flexible as we are not certain how many cartons we will need nor exactly what the cost of handling incidental material may be. However, I would be very much surprised if costs got far from \$70. either way.

As for the file cabinets, we have three steel ones which we would be shipping: one 4-drawer letter-size cabinet; one 7-drawer, 5x8 card cabinet; and one 8-drawer 4x6 card cabinet. The Bank called in three second-hand men and got bids ranging from \$160 to \$210. By some intricate arithmetic of their own, they have arrived at a total price of \$153.50. I think there is every reason to take their word that this is a fair price.

Now that we have these figures, further arrangements will of course await the decision of the Committee and word from you.

Cordially yours,

MA
Mildred Adams

Dr. Robert D. Calkins
The Brookings Institution
722 Jackson Place N. W.
Washington 6, D. C.

c.c. - Mr. Donald Woodward ✓
Mr. Sheldon Ekers

April 27, 1956

Mr. Fred Simmons,
The Guaranty Trust Company,
110 Broadway,
New York, New York.

Dear Fred:

In the near future a friend and colleague, Miss Mildred Adams, will seek an appointment with you and will have a carbon of this note by which I would like to introduce her to you.

For some time, Miss Adams has been the Executive Director of the Committee on the History of the Federal Reserve System, where she has done a remarkable job, prior to which she distinguished herself in writing and in other capacities.

She is planning a trip abroad to pursue some quite interesting ideas.

I think you would find a conversation of interest and I do hope that you can see her.

Cordially,

DEW:lm
cc: Miss Mildred Adams

April 27, 1956

Mr. Leonard Rist,
International Bank for Reconstruction and Development,
Washington, D. C.

Dear Leonard:

In the near future a friend and colleague, Miss Mildred Adams, will seek an appointment with you and will have a carbon of this note by which I would like to introduce her to you.

For some time, Miss Adams has been the Executive Director of the Committee on the History of the Federal Reserve System, where she has done a remarkable job, prior to which she distinguished herself in writing and in other capacities.

She is planning a trip abroad to pursue some quite interesting ideas.

I think you would find a conversation of interest and I do hope that you can see her.

Why do I never see you in New York? I've missed you greatly.

Cordially,

DEW;lm
cc: Miss Mildred Adams

April 20, 1956

Miss Mildred Adams, Executive Director,
Committee on History of the Federal Reserve System,
33 Liberty Street,
New York, New York.

Dear Mildred:

I should think that Bob Calkins is the one who will need to be satisfied on the minutes of the meeting.

So I think the major responsibility will have to be left to him. My guess is that the candor of the second line on page 2 may be felt undesirable for official documents.

As to the Executive Committee meeting my impression was that Miss McKinstry will be terminated when appropriate but not later than June 30.

Cordially,

DBW:lm

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

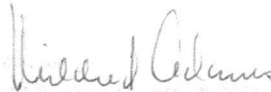
April 18, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
Donald B. Woodward, Secretary ✓

At the Executive Committee meeting on Monday, April 16th, it was agreed that mimeographed copies of Dr. Kincaid's Selective Inventory of the Carter Glass Papers should be distributed to appropriate libraries. In preparation for this distribution, a list of such libraries was requested.

The Committee has on hand thirty-five copies of this inventory. We have started to put them into cloth-covered post binders, and will complete that task this month. As a list of repositories we suggest a group of Board and bank libraries, and universities known to offer good graduate courses in monetary economics.

Committee deletions or additions within the limit of 35 copies are needed in making sure that these inventories are placed where they will be most useful. The proposed list follows. It is assumed that one copy goes to each institution named unless otherwise indicated.



Mildred Adams
Executive Director

Suggested Repositories
for
Selective Inventory of the Carter Glass Papers

April 18, 1956

Board of Governors, Federal Reserve System

12 Federal Reserve Banks

Brookings Institution Library

Library of Congress - 2 copies

New York Public Library

Harvard University

Massachusetts Institute of Technology

Yale University

Princeton University

Columbia University

Cornell University

University of Pennsylvania

University of Chicago

University of Michigan

University of Wisconsin

University of Missouri

University of California (at Berkeley)

Leland Stanford University

University of Virginia (has copies)

Vanderbilt University

Committee on the History of the
Federal Reserve System

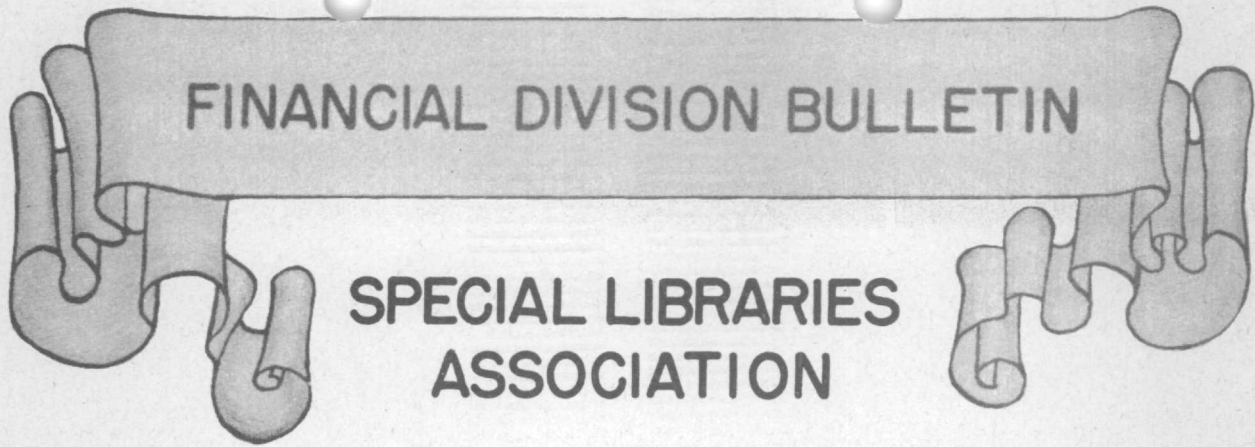
DATE 4/10/56

TO D. Woodward

FROM W. Adams

REMARKS

Here is the way we
looked to Miss Bennett,
who devised this bit
of publicity for her own
literary group W.



CHAIRMAN

Eleanor Lyons
First National Bank of Boston
67 Milk Street
Boston 6, Mass.

SECRETARY AND
TREASURER

Gertrude Wright
Kuhn, Loeb & Co.
30 Wall Street
New York, N. Y.

VICE CHAIRMAN AND
BULLETIN EDITOR

Janet Bogardus
Federal Reserve Bank of New York
Federal Reserve P. O. Station
New York 45, N. Y.

VOLUME XVIII

APRIL 1956

NUMBER 3

	Page
X Committee on the History of the Federal Reserve System	1 X
The Bank of Canada Library	3
Lansing Library Service	6
American Stock Exchange Corporation Files	9
Convention News	10
Bits and Pieces	12

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

by

Marguerite Burnett

Archival Assistant to the Committee

(and formerly Librarian of the Federal Reserve Bank of New York).

Characteristically, no rockets were sent up to celebrate the second birthday of the Committee on the History of the Federal Reserve System. An attitude of cautious understatement seems to pervade the staff which works under a Rockefeller Foundation grant and with the cooperation of the Brookings Institution.

Yet the work accomplished in that short span, and the projects now under way, hold a special interest for financial librarians. In the first place, the Committee plans a group of books which will re-examine and shed new light on the history of the Federal Reserve System. The first of these - a biography of Benjamin Strong, first Governor of the Federal Reserve Bank of New York, with particular reference to his policies, capacities and accomplishments as a central banker, is now in the competent hands of Dr. Lester Chandler, a writer of note and head of the Department of Economics and Sociology at Princeton University. Others are expected to be commissioned soon; Committee plans on these are still "cooking".

Indexes

In the second place, indexes and biographical and bibliographical aids assembled during the Committee's first two years are reaching the point where they can be made available to librarians within touch of the Committee offices; these are lodged in the Federal Reserve Bank at 33 Liberty Street, New York City.

The indexes and other data, compiled in adjustable card form, include two files known respectively as the "Time File" and the "Persons File." The first is arranged chronologically, as well as by subject, to give a panoramic view of the men who made and who operate the System - the leading officials, their contemporaries in the White House, the Cabinet and the Congressional Committees most concerned with their activities, the decisions they made and the pertinent events that happened during the System's lifetime. Legislation affecting the System and important litigation are included.

The Time File is keyed to the Persons File, which gives background data for the long sweep of officials listed on the chronological cards. Some of this data was found in the pages of Who's Who, but much of it was gathered from less obvious sources including the records of the twelve Federal Reserve Banks. Old papers across the country have been searched to render this peculiarly

valuable collection of data as nearly complete as cooperation and persistence could make it.

The Committee's growing bibliography specializes on the hard-to-locate unpublished material and periodical articles having to do with the history of the Federal Reserve System.

Paper Chase

The file on relevant private papers is expected to be one of the Committee's important contributions to scholarly inquiry. The staff now has reports (with some indication of size, condition and contents) on the whereabouts of 94 collections belonging to persons having at some time in their lives a close connection with the Federal Reserve System, and the search is by no means finished. Information concerning these collections is set forth in a variety of ways, from the Selective Inventory of the Papers of Carter Glass to the simple "registers" of data constructed on models furnished by the Library of Congress. The Selective Inventory was compiled by a distinguished economist working amid the 423 boxes of Carter Glass papers in the possession of the Alderman Library at the University of Virginia. It is still in mimeographed form.

The Committee hoped to catalog for the use of monetary scholars other papers of similar importance, but the process was found to be so expensive that after long discussion, and bowing to the advice of experts, it was decided to concentrate on efforts to persuade private donors to move their papers to a qualified library which would then process the collections in accordance with their own rules and systems. A policy for specific recommendation has been worked out for each type of collection.

It will be seen from the foregoing sketch that the Committee staff, which started with what might be called the survey and mapping point of view, is now engaged in setting up guide lines for those who will do the actual research into Federal Reserve history. From the beginning, it has steadfastly refused to engage in any race for historical material or to amass any archival collection of its own. Nor has it, as some hopeful inquirers have thought, any "pilot plan" for arranging archives. Its chief function is to pioneer ahead of the scholars and make the way easier by spotting the hitherto unmapped springs of knowledge as to how the Federal Reserve System had its start and got its growth.

Committee on the History of the
Federal Reserve System

DATE 4/10/56

TO Mr. Donald Woodward

FROM Mildred Adams

REMARKS

As you requested, this report on the Columbia University Library project is being circulated in advance of Monday's meeting.

Mildred Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Report on Columbia University Library Project

Executive Committee Meeting

April 16, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins

You will remember that at the Princeton meeting it was decided that the Committee would warmly support any request for \$35,000 from foundation funds which the Columbia Library might make for handling bankers' papers, but that we could not ourselves take the initiative in making such a request.

Following that meeting Miss Adams and I met with Dr. Logsdon, head of the Columbia libraries, and out of that conference came the suggestion which I would now like to put before you.

You will remember that this idea of having Columbia set up a center for the collecting of bankers' papers, particularly those which reflect banking life in New York, is one which we originated. After several discussions last year on the part of our chairman and myself, and with the support of the Committee, Columbia, and in particular Dr. Logsdon, became interested.

In those discussions figures played an important, if somewhat theoretic, part. A guess was made that perhaps the size of the project could be measured in terms of 25 collections. Another guess was made that it would take \$1,000 plus to set each collection in order and service it. So a figure of \$35,000 was arrived at as the amount which would be needed if Columbia undertook the project. It is that figure they will ask for, and that request which we have agreed to support.

Meanwhile, however, the Library has demonstrated its good faith by going right ahead without waiting for funds. The papers of Frank Vanderlip, cited during last summer's discussions as one of the collections which might be obtained for

the project, have been taken from the house at Scarborough to the Columbia Library and are now being sorted. Dr. Logsdon, who went up himself to help get them out of the Vanderlip garage and into the truck, reports the collection to be very rich in material which will be of interest to this Committee. He thinks it may occupy as many as 100 file drawers when set in order, and he figures the cost of handling at about \$1500. Incidentally, this figure lies between the \$2,840 which the Library of Congress estimates they spent on processing the Ogden Mills papers, and the \$1,000 per collection which was an earlier guess of ours.

It is at this point that I recommend that the Committee demonstrate cooperative enthusiasm. Last February, when Miss Adams was making her report on ways of handling papers, and we were trying to figure ahead on what the dimensions of that problem might be, the Executive Committee earmarked \$11,000 as a fund out of which the costs of handling collections could be paid. We have not dipped into that fund at all; I am now proposing that we do so. I would like to see us make a pilot grant to Columbia for working over the Vanderlip papers. I ask this on three counts: first, because this is exactly the kind of work we had in mind a year ago when we set up the paper-handling fund; second, because I think we owe Columbia something more than verbal backing in this job which they are doing at our suggestion; third, because we want them to take on more collections right now, and a small demonstration of support will mean a great deal.

Dr. Logsdon is thoroughly converted to the idea of Columbia as a center for bankers' papers, but he must deal with associates who are still skeptical. Also he is under pressure from many different kinds of interests. If at this point we can back him with a small pilot grant of actual working money, I think it may smooth the way for the whole idea of Columbia as a nucleus for financial collections.

I therefore propose that we give the Columbia libraries a pilot grant of \$1,500 toward the costs of handling, sorting, indexing and listing the papers of Frank Vanderlip.

Donald Woodward
Secretary

From Stewart 3/5/51 to Sproul -

Here Lies the Federal Reserve

Conceived in years of Liberty and Peace
Dedicated to Principles of Credit Control - - - when?
Wounded in World War I
Subordinated to Treasury in World War II
Killed in Skirmish during Retreat from Free Market

Abandoned by its Friends, Administered by Unbelievers,
Surrounded by hostile Federal Agencies - It Surrendered
Independence, Abdicated Credit Control, and was
Killed by Compromise.

*i.e., resurrected
and then killed again?*

May the Ghosts of those who gave it Birth
Forever Haunt Those Despoilers of its Freedom
Who Perverted it from its Purposes and
Kept up the Pretense it was Still Alive.

WWS

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

AGENDA

Committee Meeting
Washington, April 16, 1956

Convene at 10:30 a.m.

- I. Minutes of Committee meeting held February 4, 1956, copies of which were distributed to Committee members February 17, 1956. (Secretary has copy.) ✓
- II. Resolution to amend the Minutes in accordance with the revision of the "clause of enactment" which was proposed by Dr. Calkins after the meeting, circulated to members and approved by them. ✓
- III. Report on conference held February 21st with Dr. Norman Buchanan of the Rockefeller Foundation. (Dr. Calkins). ✓
- IV. Reply of the Brookings Institution to the Proposal of this Committee that Brookings assume further administrative responsibilities for this project. (Dr. Calkins).
- V. Report by Dr. Calkins and discussion by Committee of: ✓
 - ✓ A. Appointment of a full-time staff member to take charge of this project. *Age 35 Philip Bell - Harvard* *Age 34 Raymond Paul - Yale* ✓
 - ✓ B. Plans for continuing project: *alternative*
 - ✓ *Strong Biography* 1. Monographs to be authorized--
 - ✓ Hackley - Legal History
 - ✓ Hammond - Evolving Role of Payments Mechanism
 - ✓ Williams - Monetary and Fiscal Policy
 - Hold 2. Monographs for further consideration--
 - International Exchange
 - Financing of World War I and II
 - Hold 3. Employment of Dr. Howard Ellis for a major assignment.
 - Hold 4. Seminar. *Conference*
 - ✓ 5. Historian.
- VI. Committee action on the Brookings reply. ✓
- VII. Report of this action to the Rockefeller Foundation. ✓
- VIII. Other Business.

*Greyson
Salant
Povsa
Saltzman
Wallach
Ellis
Backbart*

Luncheon at 12:45.

PROPOSED ACTIVITIES
for the
HISTORY OF THE FEDERAL RESERVE SYSTEM

- ✓ 1. Appointment of project director
Possible nominees - Mr. Calkins
- ✓ 2. General Plan for Study
 - ✓ Plan A. A two-volume History of the Federal Reserve System and monographs, including:
 - Benjamin Strong, A Biography - Lester Chandler
 - Legal History of the Federal Reserve System - Howard H. Hackley
 - The Payments Mechanism - Bray Hammond
 - Recent Monetary and Fiscal Policy - An Analysis - John Williams
 - ✓ Plan B. A series of coordinated monographs, including those listed above and others.
 - ✓ Plan C. A symposium - Episodes in the History of the Federal Reserve System.
- ✓ 3. Seminar
- ✓ 4. Encouragement of other studies
- ✓ 5. Depository for Papers at Columbia University

Philip W. Bell

Assistant Professor of Economics, Haverford College

A.B. Princeton
M.A. University of California (1 year)
Ph.D. Princeton 1954

Dissertation: "The Sterling Area in the Post War World 1946-1952."

Was acting director of the International Finance Section, Princeton

Visiting Assistant Professor, Princeton.

At Haverford since 1954-55 (?)

Raymond Park Powell - Age 34

Assistant Professor of Economics and Fellow of Calhoun College, Yale.

A.B. University of California
Ph.D. University of California 1953

Dissertation: "Soviet Monetary System"

Was SSRC Fellow at Harvard Russian Research Center.

Visiting Assistant Professor at Princeton.

At Yale since 1953-54.

Committee on the History of the
Federal Reserve System

DATE Feb. 20/56

TO Mr. Woodward

FROM Walden Adams

REMARKS

Here with my report to
depend on the luncheon
with Hodgson. I hope
will want to go ahead with
the action attributed to you
on page 2!

Also I hope the South is
Spring-ish. *Walden*

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

February 20, 1956

Dear Mr. Sproul:

As was suggested at Princeton, Mr. Woodward and I talked with Dr. Logsdon (on Thursday, February 16th) about the Columbia University project, and also about the Leffingwell and Parker Willis papers.

On the first matter, Dr. Logsdon was understandably disappointed that the Committee did not feel itself able to give from its own funds, or to take the initiative in getting from other funds, the \$35,000 which they need if Columbia is to go ahead with the idea of a center for bankers' papers. It seems that all departmental requests for foundation money must go through the President's office at Columbia, so that the road is not as clear and quick as it would have been if handled the other way.

However, Dr. Logsdon understands the administrative reasons for the decision, and will go ahead to frame his request through regular channels. He will be most grateful for Committee backing, and will let us know when he is ready for it.

Before arriving at that conclusion, we spent some time discussing the Vanderlip collection and its handling as a trial run from which Columbia could figure costs. It is a rich collection, but not in good order when it arrived. Dr. Logsdon figures that it will fill about a hundred file boxes when finally put in shape. He estimates that \$1,500 will be the cost of sorting, organizing, filing and making a reference listing which will render the papers useful to students. This figure lies between the \$2,840 which the Library of Congress estimates they spent on processing the Ogden Mills papers and the \$1,000 per collection which was an earlier guess discussed by the Executive Committee.

You will remember that a year ago (on February 21, 1955), in a period when we were trying to figure ahead what money was needed for which purposes, the Executive Committee set aside \$11,000 as a fund out of which the costs of handling collections could be paid. It occurred to me in the course of this conference with Dr. Logsdon that, in the present tenuous state of this bankers' collection idea, small money might be almost as great an aid to Columbia as the big money which we cannot give.

2/20/56

- 2 -

On exploring this, I found that if we could give the idea, and Dr. Logsdon's cooperating spirit, a boost with actual expense money for the Vanderlip collection, it would be a very good move. Mr. Woodward is of the same opinion and would, I think, like to make that recommendation at the next meeting of the Executive Committee.

Such a move becomes even more important in view of our desire that Columbia take the Leffingwell and Parker Willis papers. On the one hand this is just the sort of thing which the Executive Committee was contemplating last year when setting aside the paper-handling fund. On the other, it will go a long way toward backing up the warmth of our urging that Columbia take on this matter, and toward justifying Dr. Logsdon's cooperation in the eyes of his possibly more skeptical associates. In view of the efforts already made on the strength of our urging, I think we owe him this tangible support.

Dr. Logsdon made it clear that the Leffingwell and Parker Willis papers would be welcome at Columbia. I will send you memoranda which may be useful when you write Messrs. Leffingwell and Willis, Jr.

Very sincerely yours,



Mildred Adams

Mr. Allan Sproul
33 Liberty Street
New York 45, N. Y.

c.c. - Mr. Donald B. Woodward ✓

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

c.c. Ullr Woodward

March 28, 1956

Dear Mr. Wyatt:

It is more than two years since Donald Woodward and I had the pleasure of talking with you about the banking holiday of 1933. At that time you said you had kept a series of day-by-day notes which you had dictated to your wife in the evenings and which sounded extremely valuable.

I have tried from time to time to call on you again since that conversation, but thus far have not managed to find you in. We are very eager to know whether you found those recorded notes and if so whether they might be made available for scholarly use in connection with this project.

I expect to be in Washington within a week or two and can come to see you about this if conversation would be more convenient than writing. Meantime may I add Mr. Woodward's greetings to my own.

Cordially yours,

MA
Mildred Adams

Mr. Walter Wyatt
Office of the Reporter
Supreme Court of the United States
Washington, D. C.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM McC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

March 26, 1956

Dear Don:

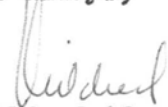
We were very much touched to find that even in the midst of virus pneumonia, or while coming down with it, you had taken the trouble to edit the draft statement on the Columbia University project, and to dictate a note about it. I'll see that, as you suggest, the statement goes to members of the Executive Committee in advance of the meeting of the 16th.

It is distressing to read in your letter to Bob that you must declare out on the matter of the Brookings seminars. They need your hand, and you would have had fun doing them, but aside from the reason given I can understand that decision.

I do hope that Florida sun will prove to be the restorative you need after a bout with that very debilitating ailment. As I told Jean, Dr. Willits, Mr. Sproul and Dr. Robert Sproul have all had it; the consensus of opinion is that it drags one down to the very edge of despair, but after you recover you wonder how you could possibly have felt so low. So at least you've had distinguished predecessors in misery! If that is comforting!

If there is anything that we, in the office or the family, can do to help in the low moments of convalescence before you yourself get off, do let us know. And the very best luck in the South. When you get back I hope there may be time for a session before the Monday meeting.

As always,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

March 23, 1956

Miss Mildred Adams, Executive Director,
Committee on the History of the Federal Reserve System,
33 Liberty Street,
New York, New York.

Dear Mildred:

I return herewith a draft of the report on the Columbia University Library project. In my fussy way, I have suggested the change of a few words.

I would suggest that it be sent to the members of the Executive Committee in advance.

Returned herewith also are the copies of the agenda for both the Committee Meeting and the Executive Committee meeting. I have no suggestions. Presumably Bob Calkins will be the significant figure and he would guide the agenda.

Yours,

Dictated by Mr. Woodward but
typed during his absence from
the office.

Committee on the History of the
Federal Reserve System

DATE

3/7/56

TO

Mr. Woodward

FROM

I Brewster

REMARKS

I have signed
this letter as Miss
Adams had to
leave the office
before it was
typed.

Irene B.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM McC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

March 7, 1956

Dear Don:

We had some correspondence a week or so ago about a proposal concerning the Columbia Library project which was to be put in shape for consideration at the March 17th meeting of the Executive Committee. I am enclosing a draft for your eye, together with the correspondence as a refresher of the memory.

Do you want this circulated in advance? Or not? In either event, may we have it back with your corrections as soon as possible?

Thanks much,

Mildred Adams
per IB

Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Enc. 2

Committee on the History of the
Federal Reserve System

DATE 3/12/56

TO Donald Woodward

FROM Willeda Adams

REMARKS

There are a number of
to the. I found for his
editing. They will
probably be added to
by R. Callins on Friday.
If you want changes made
may I leave them by Thursday?
Thanks Willeda

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*

W. RANDOLPH BURGESS

ROBERT D. CALKINS

F. CYRIL JAMES

WILLIAM MCC. MARTIN, JR.

WALTER W. STEWART

JOSEPH H. WILLITS

DONALD B. WOODWARD, *Secretary*

MILDRED ADAMS, *Executive Director*

With cooperation of

THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

March 8, 1956

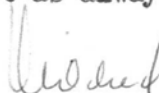
Dear Don:

I phoned Miss McCoubrey to please tell you that Brookings will take on the Committee's project. Dr. Calkins phoned this morning that the governing entity meeting yesterday agreed to let him do it provided he found the right man. (???)

He apparently is buried in the details of Saturday's dinner and has not had time to do much work on this since February 4th, but hopes to take it up next week. I shall go down at least for Friday to make sure agenda details are tucked in at the corners.

Odds on speed not favorable.

Best as always,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
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DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

March 7, 1956

Dear Don:

Helen Miller, coming to breakfast this morning, told me you had been ill last week, and were on jury duty this week - a succession of misfortunes with which I sympathize. Under such circumstances it was doubly kind of you to send me so gentle and warm a note about Aunt Gertrude.

Coming after eight months of the strain of her illness, this death has taken my last scrap of reserve energy, and unless I plan to get away for a rest in the near future, Houston will invoke a husband's rights and kidnap me. We are therefore planning to leave for South Carolina immediately following the meeting of March 17th. I would be back in the office the 26th.

I do hope jury duty will not break into your own spring vacation plans, and I hope you are feeling more like yourself.

Best as always,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Committee on the History of the
Federal Reserve System

DATE

Feb. 23/56

TO

Mr. Woodward

FROM

W. Adams

REMARKS

I told Bob I was sending
you this and he sounded
pleased. I missed you at
that meeting, but I think
all is in the clear, I hope!

W. Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

February 23, 1956

Dear Dr. Calkins:

Out of the notes I took at the Rockefeller Foundation during your conference with Dr. Norman Buchanan on February 21st, I assume you want chiefly those which reflect Dr. Buchanan's point of view and any understanding which was reached. What follows is therefore directed to those ends.

After reporting on the results of the Committee meeting at Princeton, with its decision to ask the Brookings Institution to assume added administrative responsibility for Committee work, Dr. Calkins said that next steps were to -

- 1) Draw up a general plan for Brookings procedures in this new status,
- 2) Submit it to the Brookings Executive Committee on March 7th, where he anticipated no opposition,
- 3) Hope to have an acceptable list of monograph authors and titles for the Committee meeting on March 17th.

Thus far it is not quite clear whether Brookings would take on an extra man solely as head of Committee work, or whether such a person would be given a full-dress Brookings appointment. Dr. Buchanan suggested that an excellent man in central banking might be an integrating influence for Committee activities. Dr. Calkins stated that he would be expected to undertake one of the desired monographs as well as to act as general "spark-plug" and director of the work. Tentative plans include the commissioning of monographs, the continuing hunt for an historian, and the shaping of a seminar program at Brookings, the latter to be financed outside of Rockefeller funds.

Dr. Buchanan asked if this administrative shift meant that the Committee would become merely advisory; Dr. Calkins assured him that they kept the power of decision. Dr. Buchanan asked if Brookings would like the greater responsibility involved and was assured that there was no intention to withdraw from it.

Dr. Calkins stated his purpose in asking this interview to be three-fold:

- 1) To report on the above changes,
- 2) To ascertain the Buchanan-Rockefeller time schedule if these changes must go to the Rockefeller Executive Committee,
- 3) To discuss personnel.

On the third of these topics, Dr. Buchanan suggested the following names as worthy of consideration:

F. W. Paish of the London School of Economics (son of Sir George Paish)
E. Victor Morgan, professor of economics at the University College of Swansea, Wales.
Ronald H. Coase of the University of Buffalo
Harold M. Somers, Dean of the School of Business Administration, University of Buffalo
Gerhard Colm, now with the National Planning Association
Ray Powell of Yale
Arthur Marget of the Division of International Finance, Federal Reserve Board
Plumptre of the Canadian Department of Canadian Affairs
A. K. Cairncross for further suggestions about British scholars.

It was Dr. Buchanan's opinion that an American or a Canadian would be preferable to a Britisher.

In conclusion, Dr. Buchanan accepted Dr. Calkins' assertion that the program as revised at Princeton contained nothing new except more administrative responsibility for Brookings and an enhanced emphasis on monographs. (The seminar program is not to be included under the Rockefeller grant.) Dr. Buchanan asked that a letter be sent him saying in effect, "This is the way it looks to us on changes;" this he will clear with Dean Rusk in a month. If the program continues as it is today outlined, Dean Rusk would report it to his Executive Committee, but would not have to consult them. In conclusion, he said he saw no reason why there would be any problem about it.

Dr. Calkins then stated that work and planning would go ahead but that no formal commitments would be made until after Dr. Buchanan's return March 27th from the trip he is making to the Middle East.

I hope this summary serves your purpose. The manuscript and the outline by Howard Hackley are enclosed.

Very sincerely yours,


Mildred Adams

Dr. Robert D. Calkins
The Brookings Institution
722 Jackson Place N. W.
Washington 6, D. C.

c.c. - Mr. Sproul
Mr. Woodward ✓

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM McC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLIIS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

February 8, 1956

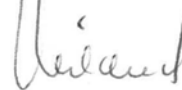
Dear Don:

This is to confirm the message which I sent to you by way of Miss McCoubrey that Dr. Logsdon will be delighted to lunch with you and me at the University Club on Thursday, February 16th, at 12:00. (*Time corrected*)

I will go over the records of various conversations on this and try to pull together a memorandum as to background. I am sure you have it in mind, but having discovered Saturday how memories can go astray, I think both of us might be happier if I went back over records on this one.

The assignment, of course, is to persuade Dr. Logsdon that he will be happier if Columbia makes the request of a foundation for \$35,000 rather than the Committee doing it for him. My faith in you is without limits.

Best as always,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Committee on the History of the
Federal Reserve System

DATE 2/10/56

TO Mr. Donald Woodward

FROM I. Bustin

REMARKS

Miss Adams is
out ill today,
so she has asked
me to send you
this memo which
she prepared.

Irena Bustin

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

February 10, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
F. Cyril James
William McG. Martin, Jr.
Walter W. Stewart
Joseph H. Willits
Donald B. Woodward, Secretary ✓

Winfield W. Riefler

In view of the discussion last Saturday of the terms on which the Rockefeller grants were made, and the relative responsibility as between this Committee and Brookings, members may be interested in three sets of quotations, two of them from the Rockefeller letters of grants, the third a copy of the document defining the relationship between the Committee and Brookings.

On January 21, 1954, when the pilot project was starting, Miss Flora Rhind, Secretary of the Rockefeller Foundation, wrote to Dr. Calkins as follows:

"I have the honor to inform you that action has been taken by the officers of The Rockefeller Foundation making available the sum of \$10,000, or as much thereof as may be necessary, to The Brookings Institution for an exploratory study of historical materials relating to the Federal Reserve System. This grant is for use during the period ending April 30, 1954, and it is our understanding that it will be administered by the Brookings Institution in collaboration with the Committee on the History of the Federal Reserve System of which Mr. Allan Sproul is President.

.....

"May we request that when communicating with the Foundation concerning this grant, you quote the reference number 'GA SS 5404.'"

On May 24, 1954, Miss Rhind wrote Dr. Calkins concerning the major grant as follows:

"I have the honor to inform you that at a meeting of the Executive Committee of the Rockefeller Foundation on May 21, 1954, action was taken providing up to \$310,000 to The Brookings Institution for the preparation of a history of the Federal Reserve System. This grant is in addition to the Foundation's grant No. GA SS 5404, and the combined sums are available for the period ending May 31, 1959."

These paragraphs are so general as to include a wide range of possibilities. The letters make no reference to any plan or description governing or inspiring the grant. All that the Foundation asks is attention to the code number, an annual budget and an annual statement of expenditures.

On May 21, 1954 the Committee approved a statement of the proposed relation between the Committee and Brookings. A week earlier (May 14, 1954) this had been approved by the Brookings Board of Trustees. It reads as follows:

"PROPOSED RELATION BETWEEN THE COMMITTEE ON THE HISTORY OF THE
FEDERAL RESERVE SYSTEM AND THE BROOKINGS INSTITUTION

1. The Committee on the History of the Federal Reserve System and the Brookings Institution will assume joint responsibility for the administration of the proposed project on the History of the Federal Reserve System and the expenditure of funds that may be granted by the Rockefeller Foundation for this activity. The proposed grant will be made to the Brookings Institution for administration jointly by the Committee and the Institution.
2. The Committee will enlarge its present membership and provide for the replacement of members as agreed upon by the Committee and the Brookings Institution.
3. To facilitate the administration of the project, the Committee will designate an Executive Committee with power to make administrative decisions jointly with the Brookings Institution on matters that may require action, and a member of this Executive Committee will be designated and empowered to act for the Committee in accordance with general policies established jointly by the Committee and the Brookings Institution.

4. The Committee, directly or through its designated representatives, and the Brookings Institution, through the President, will jointly determine the research and related activities to be undertaken, the allocation of funds, the manner in which these activities shall be pursued, the personnel to be engaged, the contracts, grants, or other commitments that may be made.
5. The administrative arrangements and the payment of funds will be handled by the Institution on the authorization of the President in accordance with procedures approved by the Committee and the Institution.
6. Employees engaged for work on the project shall be appointed by the President of the Institution in consultation with a designated representative of the Committee, and they shall be joint employees of the Committee and the Institution for specified periods, and not regular employees of the Brookings Institution.
7. Contracts or grants for writing, research, or other services shall be arranged by the President of the Institution in consultation with a designated representative of the Committee. These contracts or grants, as the circumstances may require, shall specify the obligations of the parties, the amount and manner of payment, the responsibility for supervision, and the responsibilities respecting reading and criticism of manuscript, editorial work, approval for publication, and publication arrangements. Such contracts or grants may be entered into with the Brookings Institution itself for portions of the work on terms that comply with the Institution's usual operating practices.
8. The Institution will keep a record of its overhead and other expenses incurred in administering the project, and render an accounting to the Committee annually. Such expenditures up to \$3,000 per year (as provided in the request) shall be charged against the funds for the project. Any expenditures beyond \$3,000 per year shall be subject to reimbursement with the approval of the Committee.

9. These arrangements shall apply for the duration of the project over the next five years, unless altered with the approval of the Committee and the Brookings Institution."

The third paragraph was expanded on May 4, 1955 in regard to authorizing payments.

Presumably it is this third document which would be amended by the "enactment clause" approved by the Committee at their meeting on Saturday, February 4, 1956.

These three items have now been taken from the files and placed in the Minute Book. Their substantive paragraphs are sent you with apologies for their absence at Princeton.

Mildred Adams

From the office of
DONALD B. WOODWARD

$\frac{LM}{P}$ Please tell her ~~yes~~
to both questions
DSW

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*

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MILDRED ADAMS, *Executive Director*

With cooperation of

THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

February 17, 1956

Dear Don:

Two details need your attention, a change which Dr. Calkins would like to make in the "clause of enactment," and a confirmation of the suggested date for the next meeting.

You will find enclosed the Minutes of the meeting of this Committee at Princeton on February 4th, and also a revised version of the "clause of enactment" which was passed at that meeting.

This revision was undertaken in conference with Dr. Calkins and at his request. In substance it does not differ from the version adopted at Princeton, but Dr. Calkins would prefer to present the Committee's proposal to the Brookings Board of Trustees in this new wording if the Committee approves. It can then be added to the Minutes as an amended text.

Would you let me know if you approve of the revision and of the procedure?

As for the date of the next meeting, Saturday, March 17th, at Brookings in Washington was the one most discussed in Princeton. Members were asked at that time to put this date down tentatively. If this is not possible for you, may we have your suggestions.

Very sincerely yours,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N.Y.

Enc. 2

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Alternate Text - Clause of Enactment

February 17, 1956

In the light of the Committee's experience during the past two years, and after considering various alternative plans and procedures, the Committee recognizes that in order to carry out its responsibilities for the general development of the project, it is desirable to assign to the Brookings Institution a larger administrative responsibility for studies and personnel. To this end the Committee suggests:

I. That the Brookings Institution appoint a full-time staff member in the field of central banking who could devote his entire time to the development and direction of projects on the History of the Federal Reserve System.

II. That the Brookings Institution assume responsibility for initiating programs, finding and employing properly qualified personnel, and the submission of these proposals to the Committee for review, criticism, and authorization; it being understood that such programs will include the stimulation of interest in the field of central banking, the commissioning of monographs, the continuing hunt for an historian, and all other activities necessary to carry the project to successful fruition.

III. Under these arrangements the Committee will continue to:

- (a) review general policy and individual projects;
- (b) authorize expenditures jointly with the Brookings Institution;
- (c) counsel and advise those commissioned to work on projects, and
- (d) read and criticize manuscripts.

IV. That, if the Brookings Institution will work out the foregoing arrangements in a manner acceptable to itself, the Committee will be prepared to give the proposal immediate consideration.

V. It is the consensus of the Committee that it would be desirable to employ Dr. Howard Ellis for a major writing assignment on this project.

Miss Rustein

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

January 26, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
F. Cyril James
William McC. Martin, Jr.
Walter W. Stewart
Joseph H. Willits

Winfield W. Riefler

Arrangements for the meeting of this Committee at Princeton on Saturday, February 4th, remain as outlined to you by Miss Adams in her letter of January 9th.

May I repeat that members are asked to meet at 10 a.m. in the Common Room of the main building of the Institute for Advanced Study, where Dr. Stewart will act as guide to the conference space which is most kindly being provided for us. Luncheon will be served at the Institute.

At the end of the afternoon meeting Mr. Sproul intends to call the Executive Committee into session if time permits.

The Agenda is enclosed with this letter, and also certain pertinent memoranda bearing on topics to be discussed. Prepared for their attention, members will find the following items:

1. The agenda
2. Report of Sub-Committee on Monographs (agenda item 3)
3. Memorandum on Brookings Seminars (agenda item 4b)
4. Memorandum on Proposed Monographs (agenda item 4c)
5. Reference lists of academic and Federal Reserve economists, economic historians, etc.

May I suggest that you bring these papers with you to Princeton on Saturday for reference in the discussion.

Very sincerely yours,

Donald Woodward ✓
Secretary

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

AGENDA

Princeton, February 4, 1956

1. Minutes of meeting of Committee held May 24, 1955, copies of which were distributed to members of Committee June 7, 1955. (Secretary has copy.)
2. Report on general status of project and proposals of Executive Committee with respect thereto. (Chairman).
3. Report of Sub-Committee on Monographs (Dr. Calkins). (Memorandum sent to members of Committee).
4. Report on proposals to put in effect monograph approach (Mr. Woodward).
 - (a) Canvass of economics departments of universities
 - (b) Brookings seminars (Memorandum sent to members of Committee).
 - (c) Other (Memorandum on possible monograph program sent to members of Committee).
5. Discussion of future course of project
 - (a) As originally planned
 - (b) Monograph approach immediately, while continuing search for author or editor of definitive history
 - (c) Sequential or text book history, with one or more volumes of supplementary readings, monographs and, possibly, volume of previously unpublished material uncovered by this project. (See distributed memorandum as under 4c)
 - (d) Wind up project at end of fiscal year June 30, 1956

6. Report of Executive Director

- (a) Progress Chandler-Strong book
- (b) Paper chase
- (c) Columbia University as depository of certain papers
(Recommendation of Executive Committee)
- (d) Bank records
- (e) Vest legal summary
- (f) Distribution of inventory of Glass papers
- (g) Continuance of archival and research work (Recommendation
of Executive Committee)

7. Other Business

8. Adjournment

Following adjournment, a meeting of the Executive Committee will be called if time permits.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Report of Two Mid-summer Meetings
of the
Sub-Committee on Monographs

For Committee Meeting
February 4, 1956

The Sub-Committee on Monographs, consisting of Messrs. Calkins, Stewart and Woodward, held two meetings in Princeton in the months of June and July, 1955. Their assignment was "to block out areas of interest, set the monograph pattern in order, nominate possible writers and report its findings and recommendations to the full Committee."

Enough time has intervened since those meetings so that certain actions there recommended have been carried out. Others will be brought up for discussion today. The Sub-Committee's discussions and recommendations were reported to the chairman of this Committee at the end of the two meetings. They are reported to you now in accordance with your request and his.

At the first meeting, on June 22nd, it was agreed that the vital thing was to settle on the names of acceptable writers and titles - six if possible, certainly three. With these in hand the Committee could go to the Rockefeller Foundation, explain the shift to monographs, and ask their concurrence.

Before starting to name names, the Sub-Committee discussed standards to be set, and agreed that so far as age, experience, qualifications of scholarship and writing ability were concerned, "what we need is some more Lester Chandlers." As for style, readability and comprehensibility, the standard to be preferred is embodied in the Monthly Economic Letter of the National City Bank; however, it was recognized that a corresponding degree of lucidity might be difficult for the writer of a technical study.

As a preliminary move, it was requested that the Committee staff, on the basis of material already assembled, prepare two studies: one on files, libraries and archival attitudes in the Board and the twelve Federal Reserve Banks; the other a study of the men who run the System insofar as age, length of service, education and previous careers of Board members, top officers of the twelve Banks and directors are concerned. (Both these studies were made and distributed to Committee members in early September as additions to the annual Progress and Plans report.)

Dr. Stewart expressed reluctance to proceed with the framing of a general plan which could not be made concrete. If, within a few months, a practicable list which met Committee standards was not devised, he would advise retreat on the ground that the field was too barren to go forward at this time.

Detailed consideration of a long list of suggested names and monograph titles resulted in the acceptance of three names for exploration as to availability, George Roberts of the National City Bank, R. J. Saulnier of the Council of Economic Advisers, W. W. Rostow of M.I.T. To these the name of Howard Ellis was added later.

The second meeting held a month later (July 21st) faced reports, made after careful exploration, which showed that no one of the first three men would be available; Howard Ellis was reported temporarily out of reach.

The Sub-Committee again discussed a considerable list of suggestions. General approval was given some sixteen titles, but without recommendation for action. (These are listed at the end of this summary and have mostly been embodied in the memorandum on monographs prepared for this present meeting.) Sub-Committee members discussed at some length other courses of action which might be recommended to the Committee. It was agreed that any such recommendation must start with a statement that because of Dr. Burgess' government commitments and the shortage of economic historians free to take a Committee assignment, the original concept of a definitive history must be postponed. Instead, the Sub-Committee proposed a program for the next year to include:

- (a) the continuing of archival and documentary projects now under way,
- (b) the commissioning of further monographs on various phases of Federal Reserve history,
- (c) the possible use of a limited portion of the funds "to stimulate the interest of qualified younger scholars in a re-examination of the Federal Reserve, perhaps through seminars and writing conferences at Brookings on the highest level."

In summary, it should be said that, while the Sub-Committee found it not possible to produce the desired lists of monographs which would be definitive and of authors both acceptable and available, its discussions did narrow the field of discussion, while its recommendations form part of the memorandum on monographs now before you. In addition, it faced the implications of the problem created by the continuing lack of historians, defined the alternatives which should be presented to the Rockefeller Foundation (and which were embodied in the October report to the Foundation), and created the framework for decision in noting that (a) no senior historians of the desired type seemed to be available, (b) economists of the middle group should be explored as possible writers of monographs, (c) the interest of the young might usefully be stirred by means of a conference and seminar program. In addition it requested two staff reports which were made and put in the Committee's hands.

The Sub-Committee's recommendations for action have in part been carried out, and in part are before you today in the form of two memoranda - one a program of proposed volumes, to be commissioned and published, the other a program for stirring interest among younger experts by means of a preliminary conference leading to a program of seminars.

Writers' names and monograph subjects discussed with some interest at these meetings follow:

First Meeting, June 22, 1955

Malcolm Bryan to do a monograph on southern banking against the American banking profile.

Howard Hackley - a monograph on the legal aspects of the Federal Reserve Act.

John Langum, recommended by Dr. Heaton.

Arthur Marquet to do a study of the international aspect and operations of the System.

Oliver Powell, whose studies of closed banks, made for a System Committee and never published, might serve as the basis for a new study.

*R. J. Saulnier, when free of the Council of Economic Advisers.

*George Roberts of the National City Bank.

*W. W. Rostow of M.I.T.

Leonard White to do a study of the Fed. as a government entity.

Woodlief Thomas, whose collected mass of materials on brokers' loans in early days would serve as base for a monograph on that subject.

Second Meeting, July 21, 1955

Bank Holiday of 1933; a study of causes and effects from 1926 to 1933 in and on the System (no author).

Board-Treasury Relationships (no author).

Brokers' Loans, a Study of - Woodlief Thomas.

Credit Controls, General and Selective - Carl Parry.

Crises Under the Federal Reserve System - Paul Samuelson.

**Failed Banks, Their Cause, and the Fed.'s Handling - Oliver Powell.

Federal Reserve and the Public Interest - Randolph Burgess.
(This is the subject chosen by Mr. Burgess in 1954).

Gold Policy and Practice of the System - Miroslav Kriz.

Intelligence and Research Functions of the Federal Reserve System - a report by Mildred Adams.

* Later found to be unavailable.

** These were expanded after mention in the earlier meeting.

Second Meeting, July 21, 1955 (continued)

Legal Aspects of the Federal Reserve System - Howard Hackley. (This was qualified by a desire to know more about Mr. Hackley's work and ability).

Monetary Controls in American Theory and Practice - Elmer Wood. (This is a suggestion that a book under way be subsidized in order to speed its writing).

Procedures and Policies of the Federal Reserve, History of - Karl Bopp. (This was approved, but with the understanding that Dr. Bopp might not be free to do it).

Regional Aspects of the System - Mildred Adams. (Approved, but not given a high priority).

Reserve Requirements, Changes in - Bray Hammond (?).

Politics and the Federal Reserve System - Lucius Wilmerding. (This was approved as an idea, but Mr. Wilmerding has other commitments).

**Federal Reserve System, a Case History in Public Administration - Leonard D. White (Dr. White is retiring this year and thought to be available if desired).

In addition, a younger man, Philip Bell of Haverford, was discussed as a possibility.

Respectfully submitted for
the Sub-Committee,

Robert D. Calkins

** These were expanded after mention in the earlier meeting.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Memorandum on Proposed Conference and Seminars
at Brookings Institution

For Committee Meeting, February 4, 1956

In the report on Progress and Plans which was approved by this Committee and submitted to the Rockefeller Foundation in October, we said, speaking of the monograph plan, "The success or failure of the undertaking will be determined by the availability within a reasonable time of competent students willing and able to do the studies. As part of the search for them, we propose to call in the autumn a conference focussed on the problem and enlisting the outstanding students and authorities in the field for the nomination of names and discussion of subjects. We also have under consideration the planning of a seminar course at the Brookings Institution for the longer term stimulation of interest among younger men in the history of the Federal Reserve System. Invitations would be issued to the most promising of the younger monetary economists with particular emphasis on their proven interest in writing on monetary subjects."

Delays which were unavoidable rendered impossible the calling of the conference in the autumn of 1955, and suggest the wisdom of re-examining both the purpose and the mechanics of the idea.

The conference-seminar plan was regarded as an integral part of the monograph approach. A longer-term value lies in its power to stir in younger economists the kind of interest in monetary problems which the Chairman asked at the year-end meetings of the American Economic Association.

As originally conceived, the conference-seminar plan represented two successive steps to a single end - the stimulating of interest among younger men and the discovery among them of new writers who might be commissioned for monographs. The first of these steps, the conference, was in essence a "fishing expedition," meant to focus interest on monograph subjects and to secure from older experts new names of young men who would later be invited to the seminars.

The passage of time, and the extended discussion of monograph subjects among Committee members, make the preliminary conference less essential than it appeared eight months ago.

We therefore present to you a plan which would combine conference and seminars to be organized around the monographic research work conducted either by scholars for the Committee or carried on independently in similar fields.

The purpose, as set forth in the October report on Progress and Plans, is to aid the search for competent scholars willing and able to do the studies, and to provide for a longer term stimulating of interest among younger men in the history of the Federal Reserve System.

Such conferences might start with a group of 8 or 10 active members, and could be increased as additional personnel is attracted or discovered. This plan calls for several meetings in the winter of 1956-57, with perhaps two of these reserved for the presentation of formal papers which become, so to speak, the fruit of these conferences. The first conference might be an exploratory one in which members of the group are invited to explore the opportunities for research and research topics that deserve consideration.

Available as speakers and consultants at each session would be the several experts most closely interested in the subject, preferably with personal experience at the crucial point. We would hope to capitalize on the sense of reality and immediacy which can be conveyed to younger men by the personal reminiscence of the men involved in key decisions or who lived through key incidents.

Once research topics, some of them allied with monographs in preparation, are allocated, the subsequent conferences would be framed around discussion of these topics. The reviewing of preliminary drafts of research papers would follow in somewhat the way this is handled at the Universities-National Bureau Conferences.

As an additional inducement to encourage the preparation of papers, arrangements might be made to publish annually a volume of the papers submitted to the conference. Thus members of the group would be offered a four-point program of more than usual interest - an invitation to prepare papers on particular topics of their choice, the opportunity to discuss these papers with informed colleagues, the opportunity to discuss their papers with those who have had operating experience with the System, and the opportunity to publish their papers after final revision and editing.

Conferences would take place at Brookings, be sponsored jointly by this Committee and Brookings, be led by a chairman available for all sessions and preferably chosen from among the members of this Committee.

Costs would be confined to travel expenses, including hotel bills for the participants, publication expenses, and incidentals.

Further working details would be entrusted to a small sub-committee on seminars to be appointed by the chairman.

It is believed that this four-point program - the invitation to prepare a paper, the opportunity to discuss the paper with colleagues, the opportunity to obtain criticism from distinguished persons experienced in the work of the System, and the prospect of publication - will offer genuine inducements to younger men that will encourage them to take part in the activity and to contribute. This series of conference-seminars might well turn up a number of able scholars who could undertake longer assignments on the history of the Federal Reserve System.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Memorandum on Proposed Volumes

For Committee Meeting
February 4, 1956

This Memorandum on Proposed Volumes is the fruit of much discussion, of suggestions from members of this Committee, of recommendations made during two summer meetings of the Sub-Committee on Monographs. Its present form owes much to a detailed proposal made by Mr. Burgess at a meeting of the Executive Committee on November 25th. That proposal was, at the Executive Committee's request, worked over in a memorandum prepared by Dr. Calkins and Miss Adams for a meeting of the Committee on December 19th. It was accepted then in substance, and further edited for clarity and conciseness. It represents a combination of the chronological and the episodic, with place for possible volumes of readings from both unpublished papers and published papers difficult of access. Names of writers appear as suggested, but without implication of agreed choice.

VOLUME I. A CHRONOLOGICAL HISTORY OF THE FEDERAL RESERVE SYSTEM.

This would be a single-volume, sequential history, factual in nature, to be based on the assumption that as the System has continued to be an evolving mechanism, its history is essentially the story of its growth and change. It would contain a minimum of interpretation or analysis, and would be designed for classroom use or as supplementary reading. It would give the framework for the proposed volume of readings which follows.

Various writers for this volume have been suggested, of whom the one now most favored and most possible seems to be Professor Howard Ellis of the University of California, former President of the American Economic Association and a noted scholar in this field.

VOLUME II. SELECTED READINGS IN FEDERAL RESERVE HISTORY.

This volume, to be prepared in connection with the writing of the history, would consist in the main of published materials, key documents, statements in hearings or speeches, coming at crucial points in the growth of the System. Particular attention in selecting items would be paid to materials commonly difficult of access but important to students.

VOLUMES III and IV.

A group of volumes is proposed which would contain shorter monographs going deeper into episodes, periods, functions, etc. than is possible in the one-volume history. These monographs, while necessarily limited in length, would admit of interpretation and discussion of controversial points lacking in the factual history.

The following subjects for two possible volumes (or more if considerations of space so dictate) have been culled from members' lists and grouped for order and coverage.

VOLUME III.Suggested SubjectsSuggested Authors

Founding of the Federal Reserve System

Bray Hammond

Federal Reserve's part in the Financing of
World Wars I and II

Marshall Robinson

Inflation and Collapse, 1919-21

?

Federal Reserve and European Reconstruction

{ Miroslav Kris
{ Philip Bell
{ Arthur Marget
{ Henry Siepmann

I Reparations and Reconstitution of Central
Banks, 1918-30

II Cooperation with Central Banks to Prevent
Catastrophe Abroad and at Home, 1930-39

Crisis of 1929-33

Stock Market and the Federal Reserve

Carl Parry

Failed Banks and the Federal Reserve

Oliver Powell

Banking Holiday of 1933

Gold Policy and Practice of the System;
1920's and 1930's

Magnitude of Response

Effect on the Economy, etc.

Central Banking in International Politics

VOLUME IV. DEVELOPMENT AND EFFECT OF -

1. Relationships

Board and Banks - Regional aspects of the System

Board, Banks and Treasury

Board and other Federal entities affecting banking -
F.D.I.C., Comptroller's Office, R.F.C.

Board and state banking authorities and banks

Board and staff

Federal Reserve System and Foreign Central Banks and Governments

VOLUME IV. DEVELOPMENT AND EFFECT OF - (continued)

2. Tools of the System

Open market operations

Discount rates

Reserve requirements

Administration of policy - moral suasion

Credit controls - general and selective, quantitative and qualitative

Bankers' acceptances

Foreign lending

3. Functions

Check clearance and collection

Bray Hammond

Par clearance controversy

Bank examination and supervision

Research and intelligence in the System

Currency movements

4. Summary Chapter

Effects of these relationships, tools, functions

On the growth of the System

On banking system in the U. S.

On the national economy

VOLUME V. In addition, occasional lively interest has been expressed in other subjects and authors which might be combined in a miscellaneous volume. These are listed here for the record but without recommendation.

Legal Aspects of the System

Howard Hackley

Brokers' Loans

Woodlief Thomas

History of Bankers' Acceptances

{ Based on newly discovered Warburg memo

Federal Reserve System - a Case History in Public Administration

Federal Reserve and the Public Interest

Randolph Burgess

Politics and the Federal Reserve System

Lucius Wilmerding

Congressional Hearings and the Fed.

Committee on the History of the
Federal Reserve System

DATE 1/25/56

TO D. B. Woodward

FROM Willedred Adams

REMARKS

When I got to work on this I found that certain details common on to both plans had to be incorporated into Plan II. The resulting draft is meant to put the best possible face on the latter.

Willedred

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Memorandum on Proposed Conference and Seminars
at Brookings Institution

For Committee Meeting, February 4, 1956

In the report on Progress and Plans which was approved by this Committee and submitted to the Rockefeller Foundation in October, we said, speaking of the monograph plan, "The success or failure of the undertaking will be determined by the availability within a reasonable time of competent students willing and able to do the studies. As part of the search for them, we propose to call in the autumn a conference focussed on the problem and enlisting the outstanding students and authorities in the field for the nomination of names and discussion of subjects. We also have under consideration the planning of a seminar course at the Brookings Institution for the longer term stimulation of interest among younger men in the history of the Federal Reserve System. Invitations would be issued to the most promising of the younger monetary economists with particular emphasis on their proven interest in writing on monetary subjects."

Delays which were unavoidable rendered impossible the calling of the conference in the autumn of 1955, and suggest the wisdom of re-examining both the purpose and the mechanics of the idea.

The conference-seminar plan was regarded as an integral part of the monograph approach. A longer-term value lies in its power to stir in younger economists the kind of interest in monetary problems which the Chairman asked at the year-end meetings of the American Economic Association.

As originally conceived, the conference-seminar plan represented two successive steps to a single end - the stimulating of interest among younger men and the discovery among them of new writers who might be commissioned for monographs. The first of these steps, the conference, was in

essence a "fishing expedition," meant to focus interest on monograph subjects and to secure from older experts new names of young men who would later be invited to the seminars.

The passage of time, and the extended discussion of monograph subjects among Committee members, make the preliminary conference less essential than it appeared eight months ago.

We therefore present to you a plan which would combine conference and seminars to be organized around the monographic research work conducted either by scholars for the Committee or carried on independently in similar fields.

The purpose, as set forth in the October report on Progress and Plans, is to aid the search for competent scholars willing and able to do the studies, and to provide for a longer term stimulating of interest among younger men in the history of the Federal Reserve System.

Such conferences might start with a group of 8 or 10 active members, and could be increased as additional personnel is attracted or discovered. This plan calls for several meetings in the winter of 1956-57, with perhaps two of these reserved for the presentation of formal papers which become, so to speak, the fruit of these conferences. The first conference might be an exploratory one in which members of the group are invited to explore the opportunities for research and research topics that deserve consideration.

Available as speakers and consultants at each session would be the several experts most closely interested in the subject, preferably with personal experience at the crucial point. We would hope to capitalize on the sense of reality and immediacy which can be conveyed to younger men by the personal reminiscence of the men involved in key decisions or who lived through key incidents.

Once research topics, some of them allied with monographs in preparation, are allocated, the subsequent conferences would be framed around discussion of these topics. The reviewing of preliminary drafts of research papers would follow in somewhat the way this is handled at the Universities-National Bureau Conferences.

As an additional inducement to encourage the preparation of papers, arrangements might be made to publish annually a volume of the papers submitted to the conference. Thus members of the group would be offered a four-point program of more than usual interest - an invitation to prepare papers on particular topics of their choice, the opportunity to discuss these papers with informed colleagues, the opportunity to discuss their papers with those who have had operating experience with the System, and the opportunity to publish their papers after final revision and editing.

Conferences would take place at Brookings, be sponsored jointly by this Committee and Brookings, be led by a chairman available for all sessions and preferably chosen from among the members of this Committee.

Costs would be confined to travel expenses, including hotel bills for the participants, publication expenses, and incidentals.

Further working details would be entrusted to a small sub-committee on seminars to be appointed by the Chairman.

It is believed that this four-point program - the invitation to prepare a paper, the opportunity to discuss the paper with colleagues, the opportunity to obtain criticism from distinguished persons experienced in the work of the System, and the prospect of publication will offer genuine inducements to younger men that will encourage them to take part in the activity and to contribute. This series of conference-seminars might well turn up a number of able scholars who could undertake longer assignments on the history of the Federal Reserve System.

Committee on the History of the
Federal Reserve System

DATE Jan 24/56

TO D. B. Woodward

FROM Hildred Adams

REMARKS

We are trying to get
memos etc ready to go out
to Committee members on Jan.
26th. Would you read this
draft of a letter of trans-
mittal and let me know
by phone about changes?

Thanks much

Hildred

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

January 26, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
F. Cyril James
William McC. Martin, Jr.
Walter W. Stewart
Joseph H. Willits

Winfield W. Riefler

Arrangements for the meeting of this Committee at Princeton on Saturday, February 4th, remain as outlined to you by Miss Adams in her letter of January 9th.

May I repeat that members are asked to meet at 10 a.m. in the Common Room of the main building of the Institute for Advanced Study, where Dr. Stewart will act as guide to the conference space which is most kindly being provided for us. Luncheon will be served at the Institute.

At the end of the afternoon meeting Mr. Sproul intends to call the Executive Committee into session if time permits.

The Agenda is enclosed with this letter, and also certain pertinent memoranda bearing on topics to be discussed. Prepared for their attention, members will find the following items:

1. The agenda
2. Report of Sub-Committee on Monographs (agenda item 3)
3. Memorandum on Brookings Seminars (agenda item 4b)
4. Memorandum on Proposed Monographs (agenda item 4c)
5. Reference lists of academic and Federal Reserve economists, economic historians, etc.

May I suggest that you bring these papers with you to Princeton on Saturday for reference in the discussion.

Very sincerely yours,

Donald Woodward
Secretary

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM MCC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

January 23, 1956

Dear Don:

The enclosed re-draft which came in from Dr. Calkins this morning replaces the whole of the material on Plan II which begins on page 4 of the draft memorandum sent you January 19th.

In addition, Dr. Calkins suggests that on page 1 of the draft memorandum of January 19th, last paragraph on the page, the middle two lines be cut out so that the sentence reads, "The conference seminar plan was regarded as an integral part of the monograph approach." *(emphasis to show word change)*

No change is made in the wording of Plan I, and I take it he is leaving that to you.

We are, of course, eager to have this back with your own changes and comments as quickly as possible.

Yours in suspension,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Enc.

Plan II would be a series of conferences organized around the monographic research work being conducted by scholars for the Committee, or are being conducted independent of the Committee. Instead of seven or eight 1-evening seminars, this plan would provide for two or three 1- or 2-day conferences during the winter of 1956-57.

The plan might be started by calling together the persons assigned to do monographs for the Committee and a few others who are known to be interested in the history of the Federal Reserve System. The first conference might be an exploratory one in which members of the group are invited to explore the opportunities for research and research topics that deserve consideration.

Subsequently, these conferences would be held for the purpose of reviewing preliminary drafts of research papers prepared by members of the group or others who wish to attach themselves to the group. At each conference several papers would be reviewed in much the same way they are at the Universities-National Bureau Conferences.

As an additional inducement to encourage the preparation of papers, arrangements might be made to publish annually a volume of papers submitted to the conference so that members of the group would be offered an invitation to prepare papers on particular topics, the opportunity to discuss these papers with informed colleagues, the opportunity to discuss their papers with those who have had operating experience with the System, and the opportunity to publish their papers after final revision and editing.

It is contemplated that such conferences might be started with a group of 8 or 10 active members and could be increased as additional personnel is discovered.

Costs would be confined to travel expenses, including hotel bills for the participants, publication expenses, and incidentals.

It is believed that the invitation to prepare a paper, the opportunity to discuss the paper with colleagues, the opportunity to obtain criticism from distinguished persons experienced in the work of the System, and the prospect of publication will offer genuine inducements to younger men that will encourage them to take part in the activity and to contribute. This seminar might well turn up a number of able scholars who could undertake larger assignments on the history of the Federal Reserve System.

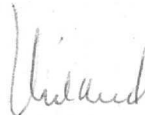
COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

January 19, 1956

TO: Messrs. Robert D. Calkins
Donald B. Woodward ✓

The enclosed draft is an attempt to present both the original conference-seminar plan which was the subject of the first draft of this memorandum (sent to Mr. Woodward December 22nd, revised version sent to Dr. Calkins January 11th), and a later plan devised by Dr. Calkins. After discussing the revision with Dr. Calkins, listening to a telephone discussion between Dr. Calkins and Mr. Woodward, talking further with Mr. Woodward in New York, the difference between the plan Mr. Woodward favored and the one proposed by Dr. Calkins seemed so wide as to call not for an attempt to reconcile the two, but for their presentation as alternatives. The enclosed draft is framed toward that end.

You will probably find it rough. The office would be most grateful if you could read it over the week-end and let me have it back by Tuesday, the 24th, at the latest. Time is short, and the Bank so immersed in year-end reports that we cannot borrow clerical help, even by paying for it. *Hence the rush.*



Mildred Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Memorandum on Proposed Conference and Seminars
at Brookings Institution

For Committee Meeting, February 4, 1956

In the report on Progress and Plans which was approved by this Committee and submitted to the Rockefeller Foundation, we said, speaking of the monograph plan, "The success or failure of the undertaking will be determined by the availability within a reasonable time of competent students willing and able to do the studies. As part of the search for them, we propose to call in the autumn a conference focussed on the problem and enlisting the outstanding students and authorities in the field for the nomination of names and discussion of subjects. We also have under consideration the planning of a seminar course at the Brookings Institution for the longer term stimulation of interest among younger men in the history of the Federal Reserve System. Invitations would be issued to the most promising of the younger monetary economists with particular emphasis on their proven interest in writing on monetary subjects."

Delays which were unavoidable rendered impossible the calling of the conference in the autumn of 1955, and suggest the wisdom of re-examining both the purpose and the mechanics of the idea.

The conference-seminar plan is an integral part of the major program. ^{The idea} It was sketched during the meetings of the Sub-Committee on Monographs, approved by the Executive Committee, included in the report to the Foundation, and should be considered primarily as a method for putting into effect the monograph approach. A longer-term value lies in its power to stir in younger economists the kind of interest in monetary problems which the Chairman asked at the year-end meetings of the American Economic Association.

As originally conceived, the conference-seminar plan represented two successive steps to a single end - the stimulating of interest among

younger men and the discovery among them of new writers who might be commissioned for monographs. The first of these steps, the conference, was in essence a "fishing expedition," meant to focus interest on monograph subjects and to secure from older experts new names of young men who would later be invited to the seminars.

The passage of time and the extended discussion of monograph subjects among Committee members may make the preliminary conference less essential than it appeared eight months ago. Its informational value may be less than it was, while names of promising younger men can be secured by more direct means (for example, by correspondence with the heads of economics departments in major universities).

Yet because the conference was specifically mentioned in the October report to the Rockefeller Foundation, we have felt bound to explore it further. Two alternative plans follow for the Committee's consideration. Both have the same ends in view, both would be sponsored jointly by the Committee and the Brookings Institution. Both would be centered at Brookings; *and both call for a chairman who would be available for all reasons* for either plan the same leader, Mr. Donald Woodward, would be available. The two plans differ in mechanics, in numbers invited and in costs.

The purpose of both conference and seminar, as set forth in the October Report on Progress and Plans, is to aid the search for competent scholars willing and able to do the studies, and to provide for a longer term stimulating of interest among younger men in the history of the Federal Reserve System.

Plan I would hold to the original conference-seminar proposal, except that the conference would be held in May of 1956 and the seminars in the winter of 1956-57.

The conference would be a small meeting of expert advisers to be chosen from among the most interested and able specialists in public service, educational institutions and private organizations. The total number should

and one preferably a member of the committee.

not exceed 50. Acceptance of invitations to attend would be subject to agreement to prepare in advance for the discussion. Participants would be provided in advance with an outline and with materials to be considered. The conference would be asked to identify those features of Federal Reserve history warranting greatest attention, and writers most competent to deal with them. It would thus aid in the outlining of the history and in the development of the monograph program.

We would hope to elicit from the conferees a fruitful discussion of the most significant aspects of Federal Reserve history and a list of younger students of graduate standing known to them, who have proven their interest in the subject and their ability to handle it in writing, and who would both profit by the discussion and contribute to the project by future writings. From this list would be selected the men to be invited to participate in the seminar course.

The seminars would begin in late September, with 7 or 8 monthly meetings to follow during the winter. Participants, 30 to 50 in number, would be limited to younger men living east of the Mississippi who are particularly recommended by the spring conference and by Federal Reserve officers. (We have a recommended list from each Bank.) Costs of travel to and from Washington would be paid - partly out of Committee funds and partly by a grant to be solicited from another foundation, perhaps the Merrill.

This seminar course would be designed to explore, to instruct and to evoke future writing. Each session would be devoted to a particular phase, episode or function around which history clusters (and on which either the history or a monograph would focus much attention).

Available as speakers and consultants at each session would be the several experts most closely interested in the subject, preferably

with personal experience at the crucial point. We would hope to capitalize on the sense of reality and immediacy which can be conveyed to younger men by the personal reminiscence of the men involved in key decisions or who lived through key incidents.

Discussion notes, or possibly a transcript, would provide excellent material for the future use of writers and students. Participants would, it is hoped, be stimulated in interest, in study and in writing. The meetings would identify the persons of greatest interest and comprehension.

Plan II would omit the conference stage on the ground that much discussion of monograph subjects has made it unnecessary to ask the kind of guidance from experts on this point which seemed necessary when the plan emerged last summer. Instead of 7 or 8 one-day seminars, this plan calls for 2 or 3 during the winter of 1956-57, each to last perhaps two days. This second plan echoes certain aspects of the conferences which were held in Princeton a year ago, and makes provision for recapturing some of its values. To the advantages inherent in Plan I, this second plan adds a stress on publishing.

Plan II is designed to appeal to the young monetary economist by offering him an attractive type of aid and stimulus, while also promising him ultimate publication.

It would acquire the names of potential participants by correspondence with the heads of interested departments in a dozen leading universities. Invitations would then be issued so as to secure 10 to 15 young participants of the highest caliber. These men would be asked to come with a prepared paper in hand - the subject to be some phase, episode or function in Federal Reserve history, and either chosen by the participant or assigned to him.

In addition to the young participants, the attendance of Committee members and other experts would be invited so that they might serve as critics and consultants. Each seminar would be designed with a double purpose - first, to enable the participant to present his paper to an audience of his young confreres and his experienced elders, second, to make it possible for him to hear it criticised and discussed by his colleagues and his elders. The value of this procedure, both as education and as inspiration, is considerable.

The next step would be revision of the paper in the light of the seminar discussion, and finally, at the end of the session, the publication of these revised papers under Brookings imprint.

Plan II calls for the holding of two or three seminars of this type in the winter of 1956-57. At least that number would be needed to handle the papers of fifteen participants with adequate discussion and consultation.

Costs would be confined to travel expenses and a night's lodging for participants, plus publication expenses.

It is believed that the inclusion of a promise of publication in Plan II will discourage tendencies toward academic postponement and will provide a high sense of importance and immediacy to make the sessions highly productive.

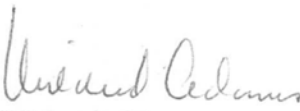
COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

January 18, 1956

TO: Messrs. Allan Sproul, Chairman
W. Randolph Burgess
Robert D. Calkins
Donald B. Woodward, Secretary ✓

A revised memorandum on possible monograph volumes was circulated to the Executive Committee on the 5th of January. Dr. Calkins has asked that the introductory paragraph be somewhat expanded, and Mr. Sproul has suggested certain changes in wording and in grouping among the volumes.

The enclosed text has been edited in accordance with these suggestions. We would appreciate receiving by January 23rd any further changes which you would like made.


Mildred Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Memorandum on Proposed Volumes

This Memorandum on Proposed Volumes is the fruit of much discussion, of suggestions from members of this Committee, of recommendations made during two summer meetings of the Sub-Committee on Monographs. Its present form owes much to a detailed proposal made by Mr. Burgess at a meeting of the Executive Committee on November 25th. That proposal was, at the Executive Committee's request, worked over in a memorandum prepared by Dr. Galkins and Miss Adams for a meeting of the Committee on December 19th. It was accepted then in substance, and further edited for clarity and conciseness. It represents a combination of the chronological and the episodic, with place for possible volumes of readings from both unpublished papers and published papers difficult of access. Names of writers appear as suggested, but without implication of agreed choice.

VOLUME I. A CHRONOLOGICAL HISTORY OF THE FEDERAL RESERVE SYSTEM.

This would be a single-volume, sequential history, factual in nature, to be based on the assumption that as the System has continued to be an evolving mechanism, its history is essentially the story of its growth and change. It would contain a minimum of interpretation or analysis, and would be designed for classroom use or as supplementary reading. It would give the framework for the proposed volume of readings which follows.

Various writers for this volume have been suggested, of whom the one now most favored and most possible seems to be Professor Howard Ellis of the University of California, former President of the American Economic Association and a noted scholar in this field.

VOLUME II. SELECTED READINGS IN FEDERAL RESERVE HISTORY.

This volume, to be prepared in connection with the writing of the history, would consist in the main of published materials, key documents, statements in hearings or speeches, coming at crucial points in the growth of the System. Particular attention in selecting items would be paid to materials commonly difficult of access but important to students.

VOLUMES III AND IV.

A group of volumes is proposed which would contain shorter monographs going deeper into episodes, periods, functions, etc. than is possible in the one-volume history. These monographs, while necessarily limited in length, would admit of interpretation and discussion of controversial points lacking in the factual history.

The following subjects for two possible volumes (or more if considerations of space so dictate) have been culled from members' lists and grouped for order and coverage.

VOLUME III.

Suggested Subjects

Suggested Authors

Founding of the Federal Reserve System

Bray Hammond

Federal Reserve's part in the Financing of
World Wars I and II

Marshall Robinson

Inflation and Collapse, 1919-21

?

Federal Reserve and European Reconstruction

I Reparations and Reconstitution of Central
Banks, 1918-30

{ Miroslav Kris
{ Philip Bell
{ Arthur Marget
[Henry Siepmann

II Cooperation with Central Banks to Prevent
Catastrophe Abroad and at Home, 1930-39

Crisis of 1929-33

Stock Market and the Federal Reserve

Carl Parry

Failed Banks and the Federal Reserve

Oliver Powell

Banking Holiday of 1933

Gold Policy and Practice of the System;
1920's and 1930's

Magnitude of Response

Effect on the Economy, etc.

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Board and other Federal entities affecting banking -
F.D.I.C., Comptroller's Office, R.F.C.

Board and state banking authorities and banks

Board and staff

Federal Reserve System and Foreign Central Banks and Governments

VOLUME IV. DEVELOPMENT AND EFFECT OF - (continued)

2. Tools of the System

Open Market Operations

Discount Rates

Reserve Requirements

Administration of Policy - Moral Suasion

General and Selective, Quantitative and Qualitative

Bankers Acceptances

Foreign Lending

3. Functions

Check clearance and collection

Bray Hammond

Par clearance controversy

Bank examination and supervision

Research and intelligence in the System

Currency movements

4. Summary Chapter

Effects of these relationships, tools, functions

On the growth of the System

On banking system in the U. S.

On the national economy

VOLUME V. In addition, occasional lively interest has been expressed in other subjects and authors which might be combined in a miscellaneous volume. These are listed here for the record but without recommendation.

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Howard Hackley

Brokers' Loans

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History of Bankers' Acceptances

Based on newly discovered Warburg memo

Federal Reserve System - a Case History in Public Administration

Federal Reserve and the Public Interest

Randolph Burgess

Politics and the Federal Reserve System

Lucius Wilmerding

Congressional Hearings and the Fed.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
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DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

January 18, 1956

Dear Don:

In Washington yesterday Dr. Calkins went over in detail various documents which are to be presented to the meeting on February 4th.

The report of the Sub-Committee on Monographs, which you have seen and approved needed in Dr. Calkins opinion some small changes on page 2 and an expansion of the summary paragraph on that page. I wrote the expanded version in Washington, and he has approved it.

I talked at the time to Dr. Stewart who waved reading the expanded version and said he would accept whatever I did about it.

If you approve the changes which are enclosed herewith, could you let me know by telephone so that we can go ahead and get this document mimeographed?

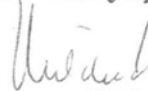
As for the others, Dr. Calkins wanted an expanded introduction to the memorandum on proposed volumes. I will send you this in a separate envelope.

As you know from your conversation with Dr. Calkins, he suggests drastic changes in the memorandum on seminars. I judge from what he says that there is some doubt in your mind about the wisdom of those changes. I will do a revised version immediately,

send it to both of you and ask a reply as quickly as possible. If your points of view are too far apart to be reconciled, it may be possible to frame the thing so that both are presented to the Committee.

I tried to see Mr. Riefler as well as Dr. Stewart and Dr. Calkins, but he was tied up in an all-day meeting.

Best as always,



Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

Enc.

Detailed consideration of a long list of suggested names and monograph titles resulted in the acceptance of three names for exploration as to availability, George Roberts of the National City Bank, R. J. Saulnier of the Council of Economic Advisers, W. W. Rostow of M.I.T. To these the name of Howard Ellis was added later.

The second meeting held a month later (July 21st) faced reports made after careful exploration which showed that no one of the first three men would be available; Howard Ellis was reported temporarily out of reach.

The Sub-Committee again discussed a considerable list of suggestions. General approval was given some sixteen titles, but without recommendation for action. (These are listed at the end of this summary and have mostly been embodied in the memorandum on monographs prepared for this present meeting.) Sub-Committee members discussed at some length other courses of action which might be recommended to the Committee. It was agreed that any such recommendation must start with a statement that because of Dr. Burgess' government commitments and the shortage of economic historians free to take a Committee assignment, the original concept of a definitive history must be postponed. Instead, the Sub-Committee proposed a program for the next year to include:

- (a) the continuing of archival and documentary projects now under way,
- (b) the commissioning of further monographs on various phases of Federal Reserve history,
- (c) the possible use of a limited portion of the funds "to stimulate the interest of qualified younger scholars in a re-examination of the Federal Reserve, perhaps through seminars and writing conferences at Brookings on the highest level."

4/1/56 Summary

In summary, it should be said that, while the Sub-Committee found it not possible to produce the desired list of monographs which would be definitive and of authors both acceptable and available, its discussions did narrow the field of discussion, while its recommendations form part of the memorandum on monographs now before you. In addition, it faced the implications of the problem created by the continuing lack of historians, defined the alternatives which should be presented to the Rockefeller Foundation, (and which were embodied in the October report to the Foundation), and created the framework for decision in noting that (a) no senior historians of the desired type seemed to be available, (b) economists of the middle group should be explored as possible writers of monographs, (c) the interest of the young might usefully be stirred by means of a conference and seminar program. In addition, it requested two staff reports which were made and put in the Committee's hands. The Sub-Committee's recommendations for action have in part been carried out and in part are before you today in the form of two memoranda - one a program of proposed volumes, to be commissioned and published, the other a program for stirring interest among younger experts by means of a preliminary conference leading to a program of seminars.

space

Writers' names and monograph subjects discussed with some interest at these meetings follow:

space

First Meeting, June 22, 1955

place

Malcolm Bryan to do a monograph on southern banking against the American banking profile.

Howard Hackley - a monograph on the legal aspects of the Federal Reserve Act.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

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MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

January 6, 1956

Dear Don:

I think it's a fine idea to see that Committee members get copies of Mr. Sproul's speech. Miss Regan tells me that some of them get it automatically, and she will see that it goes to the others.

I hate to prod so active a conscience as yours, and by the time you get this it may be unnecessary. We need the memorandum on the seminar proposal next week so that it can go to Dr. Calkins by the 12th. He customarily makes changes of his own which we will forward to you for acceptance or refusal. Allowing room at both ends, this will make it possible to get the memorandum doubly approved for circulation on the 26th, one week in advance of the meeting.

Wouldn't it be nice if I ran my house on so clear a schedule!

Yours for New Year resolutions,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

January 18, 1956

TO: Messrs. W. Randolph Burgess
Robert D. Calkins
Donald B. Woodward, Secretary ✓

In making plans for the meeting at Princeton on February 4th, you may want advance notice of Mr. Sproul's wish that an Executive Committee meeting be convened at the end of the regular session if time permits. A regular notice of this meeting will be included with the agenda.



Mildred Adams

The Brookings Institution
Washington 6, D. C.

722 Jackson Place, N. W.

January 10, 1956

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, New York

Dear Don:

Thank you for your note about Ellis. I hope very much that we can get the project organized and moving with Ellis as the historian. If that is not feasible, it does seem to me that we should seriously consider the advisability of closing out the undertaking.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Bob".

President

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

ALLAN SPROUL, *Chairman*
W. RANDOLPH BURGESS
ROBERT D. CALKINS
F. CYRIL JAMES
WILLIAM McC. MARTIN, JR.
WALTER W. STEWART
JOSEPH H. WILLITS
DONALD B. WOODWARD, *Secretary*
MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

January 10, 1956

Mr. Donald B. Woodward,
122 E. 42nd Street,
New York 17, N. Y.

Dear Don:

This is in response to your memorandum of January 5, 1956. I do not think it would be fair to the full committee, and particularly to those members who have not participated in our discussions during the past seven months, to ask for a telephone vote on the appointment of an historian just prior to the February meeting of the committee. I recognize that there would be advantages in having Howard Ellis join us at Princeton, if he is to be selected as the author of the proposed history, but my own view is that we must forego these advantages in order that there may be a full and free discussion of our project, and its future, when the committee meets early in February. If it should then be determined that we wish to go ahead with the project as it was originally planned, and that Howard Ellis is the man for the key post, I would expect that he could be indoctrinated pretty quickly.

Sincerely,



Allan Sproul

Copies to Mr. Burgess
Mr. Calkins
Mr. Stewart

Committee on the History of the
Federal Reserve System

DATE Jun 6, 1956

TO Don Woodward

FROM Walter Adams

REMARKS

We are sending Mr. Sprout's
speech to five Committee
members who did not get
it automatically. Your
copy here with

W

Mr. Woodward

Not to be released before 12:00 o'clock noon, December 29, 1955

REMARKS OF ALLAN SPROUL, PRESIDENT,
FEDERAL RESERVE BANK OF NEW YORK,
BEFORE THE JOINT LUNCHEON OF THE AMERICAN ECONOMIC
ASSOCIATION AND THE AMERICAN FINANCE ASSOCIATION,
COMMODORE HOTEL, NEW YORK CITY,
DECEMBER 29, 1955

REFLECTIONS OF A CENTRAL BANKER

When you invite someone who is not a professional economist to speak on an occasion of this sort, there is always the danger that he will try to talk like a professional economist, and thus make a fool of himself while failing to fool his audience. I am not a professional economist. I hate to make a fool of myself. And I know I could not fool you.

I may have to skate pretty close to what is, for me, the thin ice of theoretical economics, however, because although I am not a professional economist I am a practitioner of an art which must draw inspiration from the work of professional economists. Central banking is largely practical economics, a sort of laggard son of theoretical economics, and I have been practicing central banking for the past thirty-five years. My long apprenticeship in the field is the excuse for the title which has been given to my talk, "Reflections of a Central Banker". Maybe that sounds as if I were going to give you some rocking chair stories of my experience, but that is not my intention. I think it would be pretty dull. What I would like to do is to discuss a few of the things I have observed and thought about, while I have been an officer of the Federal Reserve System, and which I think might merit a larger measure of interest and attention from you.

Monetary policy was in the doldrums for a number of years prior to and during World War II. It had been running fast before a brisk breeze for quite a while prior to that time, and then the wind died down and its sails went slack. Big claims had been made for it as a solvent of our economic ills, and when it couldn't support these claims there was a tendency to discard it in favor of more direct and what might seem to be more powerful economic controls. I suspect that somewhat the same pattern could be traced in the interest of economists, and particularly the younger economists, in the problems of central banking. For a time, preceding and following the passage of the Federal Reserve Act in 1913, such problems attracted a lot of men. Then it began to appear that more important work could be done, or more hay could be made, in other branches of economics, while interest in central banking suffered a relative decline. Now there has been something of a renaissance in the use of monetary policy as one of the means of achieving greater economic stability, without sacrificing too much economic freedom. If we are careful not to claim too much for it, it may hold its place. And I am hoping that central banking problems will similarly recapture the interest of a new generation of economists.

Let me speak first and most particularly about the Federal Reserve System, its organization, its policies, and its techniques. You all know the general organization of the System, but you may not all be aware of the evolutionary changes which have been taking place within the general organization. The main outlines of the System are much as they were when the System was established forty-one years ago;

a regional system, federal in character, with a national coordinating and supervisory body at Washington and twelve regional Federal Reserve Banks which are the operating arms of the System in their respective districts.

Within this framework, however, there has been a definite tendency for power and influence to gravitate toward the center, a corollary of developments in other areas of social, political, and economic organization, as well as a result of growing familiarity at the center with the means of accomplishing things at the periphery. Fortunately, I think, for the development of the System and the good of the country, this tendency has not gone so far as to destroy either the federal character of the System in terms of policy formation, or its regional character in terms of policy execution.

That this is so, is largely due to the development of the Federal Open Market Committee, and its evolution as a body in which the various parts of the System are represented not by blocs, not by opposing groups of members of the Board of Governors on one side and Presidents of Federal Reserve Banks on the other, but by individuals having equal statutory authority and equal statutory responsibilities with respect to one of the most important functions of the System, namely, open market operations.

It is true that the means of credit control, other than open market operations, are scattered about the System in what seems to be an illogical manner. Discount rates are fixed by the Boards of Directors of the individual Federal Reserve Banks, but are reviewed and determined by the Board of Governors, and the setting of reserve and margin requirements is wholly a charge of the Board of Governors. But all of these measures of credit control must be integrated and used as a common kit of tools. The Federal Open Market Committee provides the forum where discussion of their coordinated use can take place without unnecessarily infringing upon the rights and duties of other parts of the System. The illogical in terms of organization charts and precisely drawn lines of authority, becomes logical in terms of the evolution of a body which appropriately and effectively represents all parts of the System.

It may be useful to recall how this unique arm of the System developed, not from some sudden inspirational attack on the problem of bringing national unity to a regional central banking system, but by trial and error during a shake-down cruise of about twenty years duration. In the beginning, adjustments of the reserve positions of member banks were made entirely through the discount window. Early open market operations emerged in the form of an attempt by individual Federal Reserve Banks to supplement their earnings. It soon became apparent that the effect of these purchases and sales of Government securities (and bankers bills) was to put reserves into the banking system or to take them out without regard for what might be credit policy at the time. The first informal attempt to correct the situation was the adoption by the Conference of Governors (Presidents now) of Federal Reserve Banks, in 1922, of a policy of buying and selling Government obligations in an orderly and systematic manner, and the appointment of a committee of five Governors to see that this was done. This loose arrangement was tightened up somewhat by the Federal Reserve Board in 1923, and the rule was adopted, which has since become a statutory principle of open market operations, that the time, character and volume of such operations must be governed with primary regard to the accommodation of commerce and business and to

their effect on the general credit situation. In 1930 an open market policy conference was created which included a representative of each of the twelve Federal Reserve Banks. Statutory recognition of and restraint upon this particular method of conducting open market operations was legislated in 1933, when the banking act of that year created a Federal Open Market Committee and prohibited open market operations of Federal Reserve Banks except in accordance with the regulations of the Federal Reserve Board. The Federal Open Market Committee in its present form came into being with the passage of the Banking Act of 1935, which also made it mandatory for Federal Reserve Banks to engage in open market operations in accordance with the directions and regulations of the Committee.

So far so good. Evolution has proceeded by a process of natural selection toward a higher form of organism, which retains some of the desirable characteristics of regional organization within a federal system, while acquiring the powers necessary to a coordination of national policy under present day conditions. This organism has survived for twenty years and given evidence of being able to adapt itself to environmental change.

There are those, however, who see in the persistence of present regional representation on the Federal Open Market Committee, a serious flaw in our credit control machinery. They appear to believe that this has enabled the poachers to remain on the Committee along with the game wardens, in the person of the five Presidents of Federal Reserve Banks who are members of the Committee along with the seven members of the Board of Governors. The Presidents of the Federal Reserve Banks, they say, are selected by the directors of the Banks--to be sure, with the approval of the Board of Governors. The nine men who serve as directors of Federal Reserve Banks include six men elected by the member banks of their district, and three of these men are bankers. Ergo, the Presidents of Federal Reserve Banks are the representatives of the member banks and, in political terms, must be responsive to the wishes of their constituents or they won't be Presidents very long. And so, it is claimed, the group which is supposed to be regulated and controlled has at least one hand on the controls, or at least five fingers in the pie.

This line of chain reasoning has its appeal if you believe that the Presidents of Federal Reserve Banks are so beholden to commercial bankers for their jobs, and so lacking in awareness of their statutory responsibilities, that they cannot honestly serve the public interest as members of the Federal Open Market Committee. The fact is, however, that the relation between a President of a Federal Reserve Bank and the bankers of his district is not that of an elected representative and his constituents or an employee and his employer. The present somewhat complicated arrangements for the election and appointment of directors of Federal Reserve Banks, and for the appointment of Presidents of Federal Reserve Banks by these directors, have instead a double virtue. First, they inject into the System's conduct of its every-day affairs the standards of efficiency and practical judgment that well-chosen business executives can provide from their own experience--and that includes everything from judging the fitness of a man to administer the complex operations of a Federal Reserve Bank to the maintenance of its plant and equipment. This has contributed to an operating performance which has protected Federal Reserve Banks from much of the criticism which is levelled against other institutions not prodded toward efficiency by the profit motive. Second, these electoral arrangements keep the Presidents of Federal Reserve Banks directly in touch with men who are aware of banking and credit

conditions and economic developments in their districts, and who can help to interpret credit policy to the banking, business, and agricultural community, without making the Presidents subservient to whatever may be the selfish interests of any group in the community.

On the even more important level of policy formation, the problem is not comparable to that faced by a Government regulatory body fixing rates and conditions of service under monopoly or semi-monopoly conditions, nor to the problem of an administrative tribunal watching over observance of the law. The main problem of the central banking system is the appraisal of major developments affecting the whole economy and the formulation of a policy which will influence the money and credit sector of that economy so as to contribute to the stability of the economy as a whole. This is a public service which requires of its practitioners continuous contact with economic processes, and with people in the market places of the country as well as with the representatives of Government at its political center. It requires practitioners with an awareness of the problems of an economy which is neither wholly private nor wholly public in character. It requires practitioners who are insulated against narrow partisan political influence on the one hand, and against narrow selfish private influence on the other, but who are responsive both to broad Government policies and to the importance of private initiative and private enterprise in giving support to those policies. In my view there has been developed in the Federal Reserve System in general, and in the Federal Open Market Committee in particular, a unique contribution to the democratic administration of such a task. There is no conflict of interest in this administration.

I have spoken of this matter of organization at some length because I think it is vital to the preservation of a Federal Reserve System which retains regional vigor in a national setting, and because attempts to destroy the Federal Open Market Committee, as presently constituted, have been made from time to time. In fact, a bill has been resting in a Congressional committee for the past year, which would abolish the Federal Open Market Committee and transfer its functions to an enlarged Board of Governors of the Federal Reserve System. That way lies a revolution in the organization of our credit control machinery. I believe that this is a question which goes well beyond the mere mechanics of organization, and which needs and deserves your closest scrutiny as citizens, as well as economists and men of finance.

So much for organization. Now for a reference to policies. The preamble to the Federal Reserve Act says that the Federal Reserve System is to be concerned with the provision of an elastic currency, affording a means of rediscounting commercial paper, and establishing a more effective supervision of banking in the United States, and for other purposes. Well, the "other purposes" have long since stolen the show, as must be the case when the manifold objects of an economic experiment are compressed into a few words, no matter how well chosen. We are all now engaged in an attempt to prevent the occurrence of wide and deep economic fluctuations and to mitigate the hardships of the smaller cyclical fluctuations and the necessary internal adjustments of a dynamic, growing, relatively free-choice economy.

The role of the central banking system in this attempt to achieve better balance in our economy has never been spelled out specifically, and probably cannot be. We were not specifically mentioned in the Employment Act of 1946, which gave

expression to the present general concept of the economic role of Government, but our share of the general responsibility derives largely from that expression of national policy. I have always felt, however, that if we are to be true to the explicit requirements of our own charter, we must emphasize the implicit requirements of this broader charter, by combining stability of the purchasing power of the dollar with the promotion of the most effective possible utilization of our resources. We must be alert to oppose both inflationary and deflationary pressures, either one of which can upset the precarious balance of a high employment, high production, high income economy.

We are pretty much all of one mind, I take it, when it comes to opposing deflationary forces which threaten a waste of human and material resources. But there is no such unanimity when inflation--usually trotted out as mild inflation--is in prospect or in being. Here is a central banking problem with respect to which we should, perhaps, have had more help from you than you have so far given us. Are we right in the belief that stability of the dollar and a growing high level economy are compatible? Or, at least, are we right in our belief that there are so many forces in the economy which now exert inflationary pressures, as to make it likely that our role will generally be to resist those pressures in the interest of sustained economic growth? The siren song of gradual modest inflation, if it be that and not the music of the spheres, appeals to many groups, political and economic. There is a tendency to relax and enjoy the sound of more money in the cash register, and the appearance of more dollars in the balance sheet and in the pay envelope. The problem has become a fundamental one in the administration of monetary policy, and your advice and counsel and, indeed, your leadership are needed.

There are those, of course, who think the answer has already been given, and that our powers have been reduced to exerting a gentle tug on the reins from time to time, which is really administered by the horse. With that I cannot agree; I cannot bear witness to the impotence of our central banking system. It still has considerable power, even though we recognize, as I think we must, that general monetary controls can no longer be used so drastically as to bring about a severe restriction of the money supply with restriction of income, production, and employment in its wake. In this we would only find support if we were faced with a runaway inflation due solely or primarily to monetary causes. That is an emergency we have not had to face, and certainly do not have any desire to face, even though the actual experience of such a catastrophe might subsequently make for broader public understanding of the anti-inflationary steps we must take from time to time. In developed countries which have experienced hyper-inflation the central bank has only to mention the word inflation to bring a large measure of public support to a restrictive credit policy. When we mention inflation as a reason for trying to restrain a boom, which shows signs of temporarily exhausting physical capacity to increase the supply of goods and services, and in circumstances when further injections of bank credit are likely to show up largely if not entirely in increased prices, we are apt to be charged with crying wolf when there is no wolf, to be denounced as apostles of deflation. And if actual inflation does not develop, perhaps because we have done our job of helping to curb its development, the accusation against us seems to gain increased validity. You can see why I would like to have aid and comfort in resolving doubts about our ability to combine a stable dollar with a growing, expanding, high level, peacetime economy.

Another aspect of policy formation which concerns me is whether or not undue reliance is now being placed upon the judgments of men, and whether we should seek some automatic or mechanical guides to policy action. I do not think that we have been led too far astray by reading our press clippings. When it is said of the Federal Open Market Committee that "these twelve men have more financial power than any other official body in United States history", we may think it will impress our children and grandchildren, but we are also humble enough to recognize that the power we wield is a circumscribed one which cannot be wielded arbitrarily or capriciously. In the first place, it is a power exercised by a group of individuals of differing backgrounds and talents, and with differing approaches to the policy actions upon which they must finally agree. There are checks and balances such as are characteristic of our whole concept of Government, which give assurance that decisions will be reached by a deliberative process, and that power will not be wielded by an individual who might acquire the habits of a despot. In the second place, it is power exercised in the white light of full disclosure: weekly, monthly, and annually our actions are publicly reported for all to examine and to judge. Finally, it is power exercised within the limits of national objectives and public tolerance, which would not permit the Committee to indulge a sense of power or to experiment rashly with it, even if it were so inclined.

But to recognize the limitations of our powers is not to deny their importance. We must and do take them very seriously. We realize that we are trying to measure and adjust the flow of credit in a money economy, and we are steeped in the belief that whether the economy works well or poorly depends in part on our success or failure in discharging our responsibilities. And therein, I think, lies a danger. The oppressive character of such a heavy responsibility leads men to seek some automatic or mechanical device as a guide to policy action, in order to remove the risk of exercising fallible human judgment. The gold standard, as it existed during the latter part of the nineteenth century and the early years of the present century, largely performed this role in those countries which had central banks and which looked first and almost entirely to the state of their balance of payments and the size of their gold reserves in formulating central bank policy. Those "good old days" began to pass into history, however, when central bankers began consciously to interfere with the effects of inflows and outflows of gold upon the domestic credit situation and, through it, upon the domestic economy. They receded further into limbo as national policy became more and more oriented toward the maintenance of high levels of production and employment at home, and tried to fit together the international and the domestic situation without subordinating one to the other.

And yet there have been and no doubt are serious students of central banking who believe that it cannot function properly without a "norm" of behavior, or a mathematical equation, which will tell its human guides what to do and when to do it. In the present state of our knowledge of the functioning of the economic world, and despite the flood of available statistics which never seems to be out of spate, I do not believe that we can now devise a "norm" or an equation, which will relieve us in any substantial and consistent way of the necessity of exercising human judgment in discharging our responsibilities. What we need is not just a catalogue and synthesis of symptoms, but an appraisal of a whole situation, including the complex reactions of human beings--businessmen, labor leaders, consumers, politicians. Early in my career in the Federal Reserve System I read a statement by Allyn Young which impressed me then and impresses me now:

"In fact, we can be certain that reliance upon any simple rule or set of rules would be dangerous. Economic situations are never twice alike. They are compounded of different elements--foreign and domestic, agricultural and industrial, monetary and non-monetary, psychological and physical--and these various elements are combined in constantly shifting proportions.

"'Scientific' analysis, unaided, can never carry the inquirer to the heart of an economic situation. Judgment and wisdom--the power to take a complex set of considerations into account and come to a balanced view of them--are quite as much needed as facts and theories. The Federal Reserve System needs to operate in the light of all the information it can get, and it needs to have this information organized and analyzed in such a way as to give the maximum amount of illumination. But it also needs the guidance of that practical wisdom which is born only of experience."

If in our time, however, with increasing knowledge of how credit policy works, we can discover a "norm" of action, or a mathematical guide to policy, our task would be greatly simplified. To do that, we shall have to know more than we yet know about how monetary and credit policy actually affect the economy, as a whole, and in its various parts, and with what leads and lags. This will mean deep probing into the operations of our money and banking system as it is now constituted, and into the effects of changes of monetary and credit policy upon the whole economy working through the banking system. Until this job is further along, a good motto for central banks may continue to be the lines of the poet

"Our stability is but balance
And wisdom lies in masterful
administration of the unforeseen."

I am now going to turn to one of the techniques of execution of central bank policy, partly because it has importance from a general economic standpoint which transcends its purely technical trappings, and partly because it has been the subject of some public comment and discussion during the past year or two. I refer to the range of open market operations; whether such operations should be rigidly confined to short term Government securities, except under the most unusual circumstances, or whether a willingness at times to operate over the whole range of maturities of Government obligations would provide a better means of making credit policy effective. I am not going to reiterate all of my own views, which are already in the record and which are distinctly minority views within the Federal Open Market Committee. There are as yet no absolutes in this business, however. Those who advocate, and I who oppose, the present techniques of the Federal Open Market Committee are merely climbing the hill on opposite sides, trying to reach the same summit of knowledge and effectiveness.

But I do think that the question is one worthy of the attention of at least some of you who are here today, not merely as a matter of casual comment in panel discussions, or writings on other subjects, but as something which has real economic significance and deserves serious study. And I am encouraged in this opinion by the articles which have appeared in the journals during the past year. If the present technique derives from a too rigid application of supposed classical economics to problems of money and credit, we need enlightenment from you.

I had supposed that the classical economists, the men of private property and free markets, didn't think that free markets could provide everything necessary to the public good, and that if they were our contemporaries they might have thought of the market for money and credit as something separate and apart from other markets, and as an appropriate area of intervention by Government or agencies of Government--intervention at that cross-section of the economy where the public need for some overall economic guidance toward stability could be provided with a minimum of direct intrusion into the details of production and distribution. And I had supposed that this would mean central bank action to help the market in determining the significant characteristics of the maturity structure of interest rates implied by the kind of credit policy being pursued--not to try to set decimal points on daily quotations, nor to peg a curve, but to nudge the market in the direction sought by credit policy. And finally I had supposed that the effects of increases or decreases in capital values, arising from changes in long term rates of interest, were becoming more and more important in an economy in which public as well as private debts have become so large a part of our so-called assets, and that some direct intervention in this area might at times be appropriate. Whether or not these or contrary suppositions are true, it seems to me that this matter of open market techniques involves problems of economic significance beyond its immediate technical application, and that it deserves your study and your published findings.

There is another area of credit administration which can be brought under the loose heading of techniques. That is the problem of selective credit controls, and particularly the control of consumer instalment credit. I suppose that all of us who have a bias against detailed planning "from above" would prefer that credit policy accomplish its major aims by general quantitative controls which work impersonally but pervasively, and without interfering directly with individual transactions. But if there has grown up a form of credit extension which, no matter how prodigious its contribution to mass production and mass consumption, is also introducing a dangerous element of instability in our economy, and if it is difficult to reach this credit area by general credit measures without adversely affecting all of the less avid users of credit, is there not a case for a selective credit control? Thackeray says in Vanity Fair:

"Everybody must have observed how well those live who are comfortably and thoroughly in debt; how they deny themselves nothing; how jolly and easy they are in their minds."

Well, I am not jolly and easy in my mind. I am disturbed by the present situation in consumer instalment credit, just as I was concerned, under different conditions and for different reasons, about stock market credit until the Board of Governors was given power to establish, and to vary, margin requirements. I am disturbed not by the total amount of consumer credit, but by the fact or the indication that successive relaxation of terms has been largely responsible for keeping the ball in the air. This is a process which cannot go on indefinitely, and when it ceases there will come a time when repayment of old debt will catch up with new extensions of credit. The special stimulus of a rapidly increasing net supply of consumer credit, which has contributed so much to the record production and distribution of consumer durable goods during the past year will then be gone, at least temporarily. Will it then become clear that we drove our productive capacity to unsustainable limits--for the present-- by borrowing consumer demand from the future?

This is a subject on which many voices have expressed many views, but usually they have not been views which seemed objective enough to help resolve the question in the best interests of society as a whole. I know that there are those who believe that selective credit controls are a dangerous step on the road to general overall planning, and I have no desire to become a fellow traveler on that road. But I do believe that there is a temptation to abuse consumer credit in boom times, that it can thus become a serious source of instability in our economy, and that we would not jeopardize our general freedom from direct controls by giving the Federal Reserve System permanent authority to regulate consumer credit. I freely admit, however, that this view would be better held if it were based more firmly on objective study and research into the place of consumer credit in our economy and less on observation and opinion. That is the sort of basis for consideration and action which you could provide.

The same or something similar might be said of mortgage financing, but I shall not try to go into that. Economics and social objectives become intermingled so fiercely when housing is discussed as to make calmness and objectivity a handicap, if not a badge of moral delinquency.

The basic question involved in both cases is whether an attempt should be made through regulation of these specific types of credit to exert a stabilizing influence on areas of the economy which, in the past, appear to have been major sources of instability of employment and production, or whether we should be content with efforts to regulate the overall availability and cost of credit, hoping that fluctuations in the major areas of the economy will balance out. Our experience, thus far, suggests to me that general credit controls can exert an effective influence on these particular types of credit only with a considerable lag, and that we cannot rely upon countervailing forces in the economy to maintain overall stability.

Perhaps you can see where I have been heading in these somewhat random remarks, which have touched on a few aspects of central banking organization, policies, and techniques, while not mentioning others of equal or, perhaps, even greater importance. In general my purpose has been to frame a plea for help. A plea that theoretical economics come more steadily and effectively to the aid of practical economics in such fields as central banking.

I recognize that theoretical economics is the basis of practical economics. And I recognize that theoretical economists, in our time, seem mostly to have preferred to work on general principles, or on building models of economic performance, rather than on economic policies and their effects. I have not the competence to challenge the value of their work, but I question whether it is enough. I question whether economists individually and as a group can fulfill their obligations as citizens, as well as students and scholars, if they do not try to bring these interests together. I would say we need a revival of political economy, and I would invite you to look on central banking as a good place to start. The economists of an earlier day did not hesitate to jump into the thick of battle over current issues, and it did not seem to lower their academic standing then nor should it now. They were pamphleteers, they organized and participated in public meetings and discussion groups, they brought their influence to bear in any way they could on public officials and private citizens. They were pungent and provocative in debate. Macaulay said of James Mill and his followers,

on one occasion, "These smatterers whose attainments just suffice to elevate them from the insignificance of dunces to the dignity of bores." Perhaps that sort of thing is a little too violent for our present mood and condition. But it might be better than withdrawing completely into a realm of esoteric jargon, or indulging in an excess of politeness in dealing with your peers and your public, so that issues are seldom drawn clearly enough to attract public attention and promote public understanding. By your studies and your research and your application to the problems of economic theory, you have earned the right to be heard, and to give some sense of continuing direction to official action and to public opinion. I would like to see that right more vigorously exercised.

I feel that it could be exercised more vigorously and to advantage in the field of central banking. We have excellent research staffs in the Federal Reserve System; able economists and statisticians and devoted students of money and banking problems. But their work needs more cross fertilization and critical analysis by thoughtful and disciplined minds outside the System, who can apply their talents to this special field without the bias of an organizational viewpoint. Not enough work has been done, I would say, on the monetary problems of a mixed Government-private economy, on the functioning and form of a fractional reserve banking system in such an economy, on the growing importance of other financial institutions, which criss-cross both the fields of commercial banking and investment banking, and on the performance and characteristics of our money and capital markets. These are subjects which are becoming critical in the development of central banking.

You have tended, I venture to say, to occupy yourselves too much with the refinement of old ideas which are no longer wholly relevant, with the cataloguing of new economic processes, with the application of mathematical equations to situations too dependent on human behavior to be amenable to such treatment, or with building utopian models of the dream world of the future, while neglecting the hard but rewarding task of studying the present in a way which would contribute effectively to public policy and private well-being. If you will not use it against me, I would say that you have left the latter task to the improvised judgments of practitioners who have lacked the time or the equipment needed to work out a coherent and consistent basis for the actions which they must take.

It is said that there has been a renaissance of monetary and credit policy in recent years. In fact, some extravagant claims are again beginning to appear concerning the power and influence of monetary measures in curing or ameliorating our economic ills. Governments may be tempted to commit or condone economic errors, in the hope that monetary policy can redress the balance, and in the hope that the central banking system will stand as a buffer between the Government and an electorate which chafes at restraint. We shall have to guard against asking too much of monetary policy. But it is a fact that monetary measures have re-established themselves, and rightly so, as one of the principal means used by governments to try to keep national economies in order without the stifling restrictions of more direct physical controls.

What I would now like to see is a renaissance in the study of money and banking in general and of central banking in particular. I would like to see a fresh and thorough examination of our existing banking and credit machinery and our money and capital markets. I would hope that out of such study and examination would come new ideas and new proposals which would give shape and direction to future public policies and private actions. It would be a task worthy of the best talent you can bring to bear on it.

January 5, 1956

to: Messrs. Robert D. Calkins
Allan Sproul
W. Randolph Burgess
Walter Stewart

The position taken by Dr. Buchanan now seems to vary somewhat from the latitude he felt suitable last Fall. Perhaps this represents greater caution arising from his longer association with the Foundation or from other developments.

In any event it would appear to me that this position and the availability of Howard Ellis together strongly suggests the appointment of Ellis as the major scholar to undertake a major history as contemplated by the original proposal. Ellis as a recognized scholar and former President of the American Economic Association fills the specifications. He is reported to be acceptable both by the Federal Reserve Board and by the New York Federal Reserve Bank. He is apparently available and eager - the combination we have been seeking. He is acceptable by Brookings which shares the responsibility with the Committee.

On the other hand if Ellis is not appointed to the job, the apparent position of the Rockefeller Foundation would seem to put us in a position of having no candidate in sight and of having to spend probably much additional time in the search or alternatively to spend considerable time in renegotiating the grant.

With half or more of the Committee already agreeable to Dr. Ellis it would be easy to check the other members by telephone.

If he were acceptable, it might be a considerable saving in time if he could attend the February 4 meeting. Since it is difficult to arrange meetings of the full Committee this opportunity for a major discussion with the author might be worth grasping.

Sincerely,

Don Woodward

DHW:ln

Answered by telephone to Miss Adams:
I said I would prepare R.D. to make the
report but would check if he wanted.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM
33 LIBERTY STREET, NEW YORK 45, NEW YORK
TELEPHONE: RECTOR 2-5700, EXTENSION 286

- ALLAN SPROUL, *Chairman*
- W. RANDOLPH BURGESS
- ROBERT D. CALKINS
- F. CYRIL JAMES
- WILLIAM MCC. MARTIN, JR.
- WALTER W. STEWART
- JOSEPH H. WILLITS
- DONALD B. WOODWARD, *Secretary*
- MILDRED ADAMS, *Executive Director*

With cooperation of
THE BROOKINGS INSTITUTION
722 JACKSON PLACE, N. W.
WASHINGTON 6, D. C.

January 4, 1956

Dear Don:

I talked this morning with Mr. Sproul about the kind of an agenda on which he wants to base the meeting of February 4th and find that he would like a more detailed report of the Sub-Committee on Monographs than has yet been presented.

We have Minutes of both meetings, and a report could be based on those, but what I need to know now is which of the three of you could best give that report. In a way I would like to suggest that it be done by Stewart, but I doubt if we could get him to consent. You are taking responsibility for the memorandum on the seminar plan and I wasn't sure that you would want to do this other thing too.

If you will let me know about this, I will pull a preliminary draft into shape or get Minutes ready.

Sorry to load you down still further.

Best as always,

Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.

January 4, 1956

Miss Mildred Adams, Executive Director,
Committee on the History of the Federal Reserve System,
33 Liberty Street,
New York, New York.

Dear Mildred:

I wonder if you might care to obtain copies
of Mr. Sproul's splendid speech last week and send
one to each member of the Committee.

Cordially,

DBW:lm

The Brookings Institution

Washington 6, D. C.

January 3, 1956

TO: Messrs. Allan Sproul
W. Randolph Burgess
Walter Stewart
✓ Donald Woodward

Last week I saw Dr. Norman S. Buchanan of the Rockefeller Foundation at the meetings of the American Economic Association and reviewed with him various volumes which are under consideration on the History of the Federal Reserve System. Dr. Buchanan indicated that if we departed from the original plan to any major extent, it might be advisable to clear our proposals with the Foundation before making actual commitments. He recalled that the original project contemplated a definitive history of the System and, as supplements, several monographs. He expressed the view that a shift in emphasis to monographs and a much briefer history might be regarded as departing from the original plan. He agreed to discuss the matter with Dean Rusk and to let me have their reaction.

The following day Dr. Buchanan reported that he had talked with Dean Rusk, who was of the opinion that if the Committee proposed to depart from the plan of writing a major history of the System with a few supplementary monographs, we should report these plans to the Foundation, which would determine whether or not there was sufficient departure from the original plan to make necessary the resubmission of the revised project to the Executive Committee of the Foundation for approval.

Accordingly, it seems clear that whatever plan we decide upon on February 4 should be cleared further with the Foundation before commitments are made.

I also explored the availability of Dr. Howard S. Ellis of the University of California for participation on the Federal Reserve project. Specifically, I inquired about his interest in writing the briefer chronological history and his interest in writing one of the monographs. I also explored with him the possibility of another study for Brookings, on foreign exchange since 1931.

1/3/56

Dr. Ellis indicated that he would like to take on a major study over the next few years. He would prefer an arrangement under which he might spend the first six months or so in Berkeley, reading for orientation purposes, and then spend possibly a year or fifteen months in the East, then return to Berkeley and continue his research on a part-time basis and possibly return East to complete the research later.

Dr. Ellis expressed a genuine interest in the History of the Federal Reserve System and expressed a preference for a fairly substantial history that would include many of the episodes we had contemplated for monographs. He also expressed some interest in doing one of the monographs if his services were not desired for the major history.

Dr. Ellis also expressed an interest in the study of foreign exchange for Brookings and pointed out that he has a considerable investment in past research in this field. There are, however, some difficulties that may make it impossible for Brookings to launch this study during the immediate future.

The upshot of this conversation indicates that Dr. Ellis would be interested in doing a major history of the Federal Reserve System or a study of foreign exchange for Brookings. His third preference would be for a single monograph on the Federal Reserve. Dr. Ellis would like to conclude arrangements for any such research during the next two or three months and begin his work by late spring. If any of these arrangements are of interest to the Committee, Dr. Ellis would undoubtedly be available.

A later conversation with Chancellor Clark Kerr of the University of California revealed that the university has in mind some other assignments for Dr. Ellis that might complicate his research plans, but I am inclined to believe that he would place these research opportunities ahead of other commitments except in so far as he may be morally bound to assume his share of obligations at the University of California.

Sincerely yours,



President

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

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THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

January 9, 1956

Dear Don:

We promised to send you details of the schedule for the meeting of this Committee at Princeton on Saturday, February 4th, when arrangements were completed. Those arrangements are now fixed as follows:

Place - Institute for Advanced Study,
Princeton, New Jersey

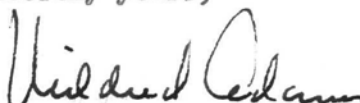
Time - 10 a.m. to 4 p.m., February 4, 1956

Luncheon - at the Institute

Members are asked to meet at 10 a.m. in the Common Room of the main building, where Dr. Stewart will act as guide to the conference space which is kindly being provided for us.

Memoranda bearing on certain of the problems to be discussed should reach you about a week in advance of the meeting. We hope to mail them on January 26th.

Sincerely yours,


Mildred Adams

Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 17, N. Y.