

Jan 6/54  
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First Estimate of Desirable Products of Pilot Project

Preparatory work for a comprehensive study of the Federal Reserve System-  
"Papers which will form the source material should be located, classified, and roughly analysed. Important characters in the drama should be sought out, ~~that~~ their cooperation asked, and their interest enlisted. The dimensions and proportions of the comprehensive study should be sketched and its possibilities bulked out. The exploratory study would at least hope to answer the basic questions, "What?" "Where?" and "Whom?" ( To which add "When?")

To that end, these 4 files must be built up

1. Bibliography of printed source material, both primary and secondary, including, in addition to the usual bibliographic material, indication as to where it can be found, and where needed, some summary as to contents.

At least 1913 to date

- Federal Reserve Board Reports, 1913 to date.
- Regional Bank Reports " " "
- Member Bank Reports " " "
- Congressional Hearings bearing on the System
  - Senate Banking and Currency Committee
  - House Banking and Currency Committee
  - etc.
- Presidential Messages bearing on the System
- Any other executive reports
- Legislation pertinent to the inquiry
- Federal Market Committee Reports
- Treasury Reports
- Comptroller of the Currency Reports
- Official and Unofficial Histories of the System
- Monographs
- Periodical Material, etc.

2. Bibliography of material thus far unpublished including name of author, type of material, heading under which it comes, condition, where located and under whose jurisdiction, degree of availability, etc.

- Diaries
- Correspondence, both official and personal
- Unpublished reports
- Memoranda
- Manuscripts

Obviously this material, an essential sector of the project, can hardly be guessed at until investigations get under way. Its classifications should greatly expand as it is discovered.

Only when this material is surveyed, however roughly, can one begin to make recommendations as to papers which should be edited, biographies to be written, monographs to be prepared.

3. File of Persons, 1913 to date- this to include, or better, to start with the usual biographic data available in Who's Who-- name, dates and place of birth, (and death dates where known) parentage, education, marriage, family, career, System experience, affiliations (Club political party, religion etc.) --everything which can shed light on the individual, the training he brings to the System, the sources of his activity, the period and the form of his importance to the System.

What papers has he? Should he be interviewed early? Where are his papers? Classified or raw? Will he give permission to have them roughly surveyed and classified?

If deceased, who has papers? Condition and availability? Permission to survey, classify, use?

This file should include at least the following categories of people -  
 Governors and officers Federal Reserve Board (1913 to date)  
 Members Open Market Committees  
 Presidents Regional Banks  
 Members Senate and House Banking and Currency Committees  
 Presidents USA  
 Secretaries of Treasury  
 Comptrollers of Currency  
 Others pertinent to the inquiry

4. File of Years - 1913 through 1953 - this to be a cross file for ready reference, with cross-indexing not only to the other three files, but also containing an account of public events, political, ~~and~~ economic and diplomatic which bear on the inquiry; an account of System events which are pertinent, both executive and legislative.

Out of this Years File should emerge cluster points for special study which will be essential in formulating the bulk and proportions of the comprehensive study which is to follow the pilot project --for example - research people whose work makes them of possible interest in stage II of the total plan.

- 1913 and surrounding events leading to the Federal Reserve
- 1914-1917 First experiences in war financing
- 1919-1927 - Foreign financing
- 1929-1933 - Federal Reserve and the depression

etc. etc. 40 years of people papers and events and come up with some sense of the proportions of the comprehensive plan, and some sketch of its possibilities.

5. Subject file -

Draft 1

Proposal for an exploratory project looking toward the collection, appraisal, editing and use of historical materials on the Federal Reserve System.

The rapid changes which are now characteristic of the American economy make it difficult for useable records, much less readable history, to keep up with them. Yet it is more than ever vital that not only should results be known and understood, but that the path by which those results were reached be made clear. This truism is nowhere more important than in central banking.

The Federal Reserve System's functions are essential to efficient operation of the American economy, yet the System is less understood than the industrial commercial and financial operations which it so much influences. The System has been built and rebuilt during the past four decades, but what happened has not yet been adequately recorded. Unless this work of examining what has been done and setting it down in readable form is begun soon, a vital section of financial and economic history in the United States will be lost.

The papers which would be needed in source material in writing an adequate history are scattered between government, banking and private files. It is not even known what exists, nor where some of what exists could be found. The men who have acted as architects and builders of the present Federal Reserve System are already beginning to disappear. Carter Glass and Governor Strong, for example, are dead. Others are reaching retirement. Those living, whose memories form a most valuable supplement to any papers which they may have, should be approached and asked to contribute personal knowledge and access to papers before it is too late.

Only exploration can reveal what can be made available. But a number of important possibilities exist. Governor Strong's papers have been worked to only a very limited degree, and can yield much more. There may exist at J.P.Morgan some papers of S. Parker Gilbert, and possibly others. E. A. Goldenweiser may have left an important collection. Charles Hamlin left a collection of diaries which have not been examined. Congressional hearings and debates can yield much material and probably important clues.

Among the living there are important memories and doubtless important collections of papers. Among those who should certainly be covered are Walter W. Stewart, W. Randolph Burgess, George L. Harrison, Roy A. Young, Robert V. Fleming, Eugene Meyer, Daniel W. Bell.

Investigation would go much farther.

The end product toward which this project is directed would be a comprehensive history of the Federal Reserve System, including the editing for publication of certain source materials, the writing of biographic sketches of some of the most important figures, the composing of books or monographs on special facets of the structure which emerge as of particular interest, and perhaps a popular history or two designed for wide public reading. Obviously such a comprehensive design would be a considerable undertaking, to be carried on under the direction of and with the active participation of an experienced specialist in this field. There are reasons to believe that Mr. Randolph Burgess, who has already contributed important volumes to the basic bibliography of central banking, might be persuaded to undertake this role when he relinquishes his present post in the Treasury.

Meanwhile a great deal of preparatory work is needed before such a comprehensive study of the Federal Reserve System could be started. It is that preparatory work which is the subject of this proposal. Papers which will form the source material should be located, classified, and roughly analyzed. Important characters in the drama should be sought out, their cooperation asked, and their interest enlisted. The dimensions and proportions of the comprehensive study should be sketched and its possibilities bulked out.

The exploratory study would at least hope to answer the basic questions, "What?" "Where?" and "Whom?"

#### Genesis of the project

An added factor which presses for a quick start is that such a project has, in one form or another, been quietly bubbling in the minds of several persons. Its present active form began with Mr. Donald Woodward, recently Vice President of the

Mutual Life Insurance Company, present Finance Chairman and Director of the Vick Chemical Company. Mr. Woodward, whose career includes work for and about the Federal Reserve Board, discussed the idea with Dr. Joseph Willetts of the Rockefeller Foundation, Dr. Randolph Burgess, and Mr. S. Spencer Scott, president of Harcourt Brace & Co., all of whom strongly favored it. Mr. Woodward enlisted the interest of Miss Mildred Adams, a journalist trained in the handling of economic subjects who is now reporting matters at the United Nations for The Economist of London. Together, and with the advice of Mr. Burgess, they prepared this proposal.

#### Work Plan

The work plan calls for a staff member and a secretary to work with the advice and collaboration of a small committee of experts, composed of such men as Mr. Burgess, Mr. Alan Sproul, Dr. Walter Stewart, Mr. William Mc.Martin and Mr. Woodward. The services of Miss Adams, whose present schedule calls for more free time after January 1, might be secured for the post of active staff member. It is hoped that desk space might be provided without cost in the quarters and near the library of the Federal Reserve Bank of New York, or at Columbia University, or at the Board of Governors in Washington.

#### Time and Costs

For an exploratory project of this kind a period of six months should be sufficient. At the end of that time the staff member, working with the advisory committee, should have the major areas of the larger project blocked out, a biographic index of personalities prepared and tests made of their cooperative willingness, a bibliography of basic materials and a map of source papers ready. With those in hand, it will then be possible to attack the problems of the larger project.

A budget for this exploratory work should be simple but adequate. The plan includes the hiring of one staff member for six months, and a capable secretary familiar with bibliographic methods. There should be a fund for necessary expenses incurred in travelling to interview key figures not in New York, and a fund to cover the cost of committee meetings. The following figures are proposed:

Compensation of staff member - 6 months at the rate of \$10,000 a year.....	\$5,000.
Salary of Secretary .....	2,500
Expense funds	<u>2,500</u>
	\$10,000

Draft 2 -  
not corrected

## PROPOSAL

### FOR AN EXPLORATORY PROJECT LOOKING TOWARD THE COLLECTION, APPRAISAL, EDITING AND USE OF HISTORICAL MATERIALS ON THE FEDERAL RESERVE SYSTEM.

The rapid changes which are now characteristic of the American economy make it difficult for useable records, much less readable history, to keep up with them. Yet it is more than ever vital that not only should results be known and understood, but that the path by which those results were reached be made clear. This truism is nowhere more important than in central banking.

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The papers which would be needed as source material in writing an adequate history are scattered between government, banking and private files. It is not even known what exists, nor where some of what exists could be found. The men who have acted as architects and builders of the present Federal Reserve System are already beginning to disappear. Carter Glass and Governor Strong, for example, are dead. Others are reaching retirement. Those living, whose memories form a most valuable supplement to any papers which they may have, should be approached and asked to contribute personal knowledge and access to papers before it is too late.

Only exploration can reveal what can be made available. But a number of important possibilities exist. Governor Strong's papers have been worked to only a very limited degree, and can yield much more. There may exist at J. P. Morgan some papers of S. Parker Gilbert, and possibly others. E. A. Goldenweiser may have left an important collection. Charles Hamlin left a collection of diaries which have not been examined. Congressional hearings and debates can yield much material  
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Investigation would go much farther.

The end product toward which this project is directed would be a comprehensive history of the Federal Reserve System, including the editing for publication of certain source materials, the writing of biographic sketches of some of the most important figures, the composing of books, monographs and articles on special facets of the structure which emerge as of particular interest, and perhaps a popular history or two designed for wide public reading. Obviously such a comprehensive design would be a considerable undertaking, to be carried on over time by experienced specialists in this field.

Meanwhile a great deal of preparatory work is needed before such a comprehensive study of the Federal Reserve System could be started. It is that preparatory work which is the subject of this proposal. Papers which will form the source material should be located, classified, and roughly analyzed. Important characters in the drama should be sought out, their cooperation asked, and their interest enlisted. The dimensions and proportions of the comprehensive study should be sketched and its possibilities bulked out.

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Rockefeller Foundation, Mr. W. Randolph Burgess, and Mr. S. Spencer Scott, president of Harcourt Brace & Co., all of whom strongly favored it. Mr. Woodward enlisted the interest of Miss Mildred Adams, a journalist trained in the handling of economic subjects who is now reporting matters at the United Nations for The Economist of London. Together, and with the advice of Mr. Burgess, they prepared this proposal.

Meanwhile, the Federal Reserve Bank of New York has been interested for a number of years in one aspect of the problem which would fit into the broader whole. It has wished to develop archives, as distinguished from files, which might become a self-perpetuating history of the bank, and which would form the basis for the work of economic historians interested in writing in this field. After consultation with Walter Stewart, W. Randolph Burgess, George L. Harrison and Benjamin Strong, Jr., a start was made, under the direction of Robert Warren, with the papers of Governor Strong, the first Governor of the bank. The death of Mr. Warren halted this project, but the bank is interested in carrying it forward and, therefore, is interested in the present proposal.

#### Work Plan

The work plan calls for a staff member, a bibliographer and a secretary to work with the advice and collaboration of a small committee of advisors. This advisory committee will be headed by Mr. Allan Sproul who has consented to serve as chairman. It includes Mr. W. Randolph Burgess, Mr. William McG. Martin, Jr., Mr. Walter Stewart and Mr. Donald Woodward; the latter will act as Secretary-Treasurer. Other members will be added when and if their presence seems advisable. The services of Miss Mildred Adams, whose schedule calls for more free time after January 1st, may be secured for the post of active staff member in charge of research. The work will be done under the name of the Committee on the History of the Federal Reserve System.

(paragraph needed to explain the relationship of this committee, which began as an ad hoc entity, to the Brookings Institution.)

#### Time and Costs

For an exploratory project of this kind a period of six months should be sufficient. At the end of that time the staff member, working with the advisory committee, should have the major areas of the larger project blocked out, a biographic index of personalities prepared and tests made of their cooperative willingness, a bibliography of basic materials and a map of source papers ready. With those in hand, it will then be possible to attack the problems of the larger project.

A budget for this exploratory work should be simple but adequate. The plan includes the hiring of one staff member for six months, a bibliographer and a capable secretary familiar with bibliographic methods. There should be a fund for necessary expenses incurred in travelling to interview key figures not in New York, and a fund to cover the cost of committee meetings. The following figures are proposed:

Compensation of staff member - 6 months at the rate of \$10,000	
a year .....	\$5,000.
Salary of Secretary .....	2,500.
Salary of Bibliographer .....	3,500.
Expense Funds .....	5,000.
	<u>16,000.</u>

End Product - The Larger Design

This proposal concerns only the preparatory stages, during which materials needed for further study of the Federal Reserve System will be surveyed and the cooperation of key persons enlisted. But a pilot project of this type is pointed toward a far wider end product.

The Committee cannot at this time make more than a rough estimate as to how long the larger project may take or how much it might cost. The work toward which this pilot effort leads is of such great value and has such wide ramifications that any attempt to draw its limits now would be revised six months from now. Much more than pure history is involved. The Federal Reserve System is part of the governing structure of the country, and as such its functioning and its effects bear upon the continuing success of this democracy. They need study from many more angles than are ordinarily contemplated, and they demand far wider understanding than has hitherto been granted.

With this in mind it seems clear that at least five years' work would be involved in producing and publishing such works as a definitive history of the Federal Reserve System, an analysis of its place in the American economy, several volumes of pertinent papers to be collected and edited, a couple of key biographies, at least one popular account useable in high school and freshman college courses, articles and monographs in periodicals. Such a comprehensive design would need funds

not less in amount than \$300,000, and might well attract scholars from several disciplines. It would spur research and writing in a field rich in possibilities, inadequately covered by present publications, and of vital concern to the country.

Proposed

Draft 1

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Investigation would go much farther.

The end product toward which this project is directed would be a comprehensive history of the Federal Reserve System, including the editing for publication of certain source materials, the writing of biographic sketches of some of the most important figures, the composing of books, <sup>and articles</sup> or monographs on special facets of the structure which emerge as of particular interest, and perhaps a popular history or two designed for wide public reading. Obviously such a comprehensive design would be a considerable undertaking, to be carried on <sup>over time by</sup> ~~under the direction of and with the active participation of an~~ experienced specialist in this field. ~~There are reasons to believe that Mr. Randolph Burgess, who has already contributed important volumes to the basic bibliography of central banking, might be persuaded to undertake this role when he relinquishes his present post in the Treasury.~~

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*can write,*

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Work Plan

*a bibliographer*

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*Went down*

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A budget for this exploratory work should be simple but adequate. The plan includes the hiring of one staff member for six months, <sup>a bibliographer</sup> and a capable secretary familiar with bibliographic methods. There should be a fund for necessary expenses incurred in travelling to interview key figures not in New York, and a fund to cover the cost of ~~the~~ committee meetings. The following figures are proposed:

Compensation of staff member - 6 months at the rate of \$10,000		
a year.....	\$5,000.	
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Expense funds	<u>5,000</u>	
	<u>\$10,000</u>	
	16,000	

5  
3.5  
2.5  
3  
Add amount

5  
3.5  
2.5  
5

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With this in mind it seems clear that at least five years' work would be involved in producing and publishing such works as a definitive history of the Federal Reserve System, an analysis of its place in the American economy, several volumes of pertinent papers to be collected and edited, a couple of key biographies, at least one popular account useable in high school and freshman college courses, articles and monographs in periodicals. Such a comprehensive design would need funds not less in amount than \$300,000, and might well attract scholars from several disciplines. It would spur research and writing in a field rich in possibilities, inadequately covered by present publications, and of vital concern to the country.



Advice needed on the following items-

Committee name

Suggestions

Pilot Project in Banking Studies  
Committee on Banking Studies  
Committee for Central Banking Studies  
Central Banking Studies Committee  
Project CBH (Central Banking History)

Committee members

Suggested

Mr Randolph Burgess  
Mr Allan Sproul  
Dr. Walter Stewart (?)  
Mr William McC. Martin Jr  
Mr Donald Woodward

Add Mr William Mc. Martin Sr. as representing  
member banks?  
Mr Lester Chandler (?) of Princeton  
as academic advisor?

Officers

Suggested

Mr Randolph Burgess, chairman  
Mr. Donald Woodward, Secretary-Treasurer  
Miss Mildred Adams Research Director

Method of handling funds and disbursements

Bank  
Signing officers  
Bookkeeper

Committee staff

Research Director  
Secretary -Bookkeeper  
Bibliographer with archive techniques

Quarters and Equipment

Office space  
Files  
Typewriter  
Dictating machine  
Supplies

Estimate of costs and length of time to be required for end product to which  
this pilot project may be expected to lead.

Suggested

3 to 5 years need to write  
Definitive 2-volume history  
5 volumes of collected and edited papers  
1 or 2 key biographies  
1 popular history to go through trade  
channels for use in high schools and  
freshman college courses.

PROPOSAL

file copy -  
draft 2

FOR AN EXPLANATORY PROJECT LOOKING TOWARD  
THE COLLECTION, APPRAISAL, EDITING AND  
USE OF HISTORICAL MATERIALS ON THE FEDERAL RESERVE SYSTEM

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	\$18,000.

draft 2

PROPOSAL

Call this  
in your letter  
to government -  
Should letter  
be addressed  
to Wilson  
from Grund  
Form -

FOR AN EXPLORATORY PROJECT LOOKING TOWARD THE  
COLLECTION, APPRAISAL, EDITING AND USE OF  
HISTORICAL MATERIALS ON THE FEDERAL RESERVE SYSTEM.

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The Federal Reserve System's functions are essential to efficient operation of the American economy, yet the System is less understood than the industrial, commercial and financial operations which it so much influences. The System has been built and rebuilt during the past four decades, but what happened has not yet been adequately recorded. Unless this work of examining what has been done and setting it down in readable form is begun soon, a vital section of financial and economic history in the United States will be lost.

The papers which would be needed as source material in writing an adequate history are scattered between government, banking and private files. It is not even known what exists, nor where some of what exists could be found. The men who have acted as architects and builders of the present Federal Reserve System are already beginning to disappear. Carter Glass and Governor Strong, for example, are dead. Others are reaching retirement. Those living, whose memories form a most valuable supplement to any papers which they may have, should be approached and asked to contribute personal knowledge and access to papers before it is too late.

Only exploration can reveal what can be made available. But a number of important possibilities exist. Governor Strong's papers have been worked to only a very limited degree, and can yield much more. There may exist at J. P. Morgan some papers of S. Parker Gilbert, and possibly others. E. A. Goldenweiser may have left an important collection. Charles Hamlin left a collection of diaries which have not been examined. Congressional hearings and debates can yield much material ~~and~~ probably important clues.

Among the living there are important memories and doubtless important collections of papers. Those who would certainly be included are Walter W. Stewart, W. Randolph Burgess, George L. Harrison, Roy A. Young, Robert V. Fleming, Eugene Meyer, Marriner Eccles and Daniel W. Bell.

Investigation would go much farther.

The end product toward which this project is directed would be a comprehensive history of the Federal Reserve System, including the editing for publication of certain source materials, the writing of biographic sketches of some of the most important figures, the composing of books, monographs and articles on special facets of the structure which emerge as of particular interest, and perhaps a popular history or two designed for wide public reading. Obviously such a comprehensive design would be a considerable undertaking, to be carried on over time by experienced specialists in this field.

Meanwhile a great deal of preparatory work is needed before such a comprehensive study of the Federal Reserve System could be started. It is that preparatory work which is the subject of this proposal. Papers which will form the source material should be located, classified, and roughly analyzed. Important characters in the drama should be sought out, their cooperation asked, and their interest enlisted. The dimensions and proportions of the comprehensive study should be sketched and its possibilities bulked out.

The exploratory study would at least hope to answer the basic questions, "What?", "Where?" and "Whom?".

#### Genesis of the project

An added factor which presses for a quick start is that such a project has, in one form or another, been quietly simmering in the minds of several persons. Its present active form began with Mr. Donald Woodward, recently Vice President of the Mutual Life Insurance Company, present Finance Chairman and Director of the Vick Chemical Company. Mr. Woodward, whose career includes work for and about the Federal Reserve Board, discussed the idea with Dr. Joseph Willitts of the

*Mr. Winfield Riefler, Mr. Wm. Allen C.*

*Martin Jr.  
Mr. Allen Sprout*

Rockefeller Foundation, Mr. W. Randolph Burgess, and Mr. S. Spencer Scott, president of Harcourt Brace & Co., all of whom strongly favored it. Mr. Woodward enlisted the interest of Miss Mildred Adams, a journalist trained in the handling of economic subjects who is now reporting matters at the United Nations for The Economist of London. *Out of these and other discussions has come* Together, and with the advice of Mr. Burgess, they prepared this proposal.

Meanwhile, the Federal Reserve Bank of New York has been interested for a number of years in one aspect of the problem which would fit into the broader whole. It has wished to develop archives, as distinguished from files, which might become a self-perpetuating history of the bank, and which would form the basis for the work of economic historians interested in writing in this field. After consultation with Walter Stewart, W. Randolph Burgess, George L. Harrison and Benjamin Strong, Jr., a start was made, under the direction of Robert Warren, with the papers of Governor Strong, the first Governor of the bank. The death of Mr. Warren halted this project, but the bank is interested in carrying it forward and, therefore, is interested in the present proposal.

Work Plan

The work plan calls for a staff member, a bibliographer and a secretary to work with the advice and collaboration of a small committee of advisors. This advisory committee will be headed by Mr. Allan Sprout who has consented to serve as chairman. It includes Mr. W. Randolph Burgess, Mr. William McG. Martin, Jr., Mr. Walter Stewart and Mr. Donald Woodward; the latter will act as Secretary-Treasurer. Other members

*Each space will be provided without*

will be added when and if their presence seems advisable. The services of Miss Mildred

Adams, whose schedule calls for more free time after January 1st, may be secured for the post of active staff member in charge of research. *Each space will be provided without cost in the quarters and near the library of the Federal Reserve Bank of* The work will be done under the name of the Committee on the History of the Federal Reserve System. *It is hoped that*

~~(paragraph needed to explain the relationship of this committee, which began as an ad hoc entity, to the Brookings Institution.)~~

*Arrangements for tax exemption and the possible as of January 15, 1954 -*

Time and Costs

For an exploratory project of this kind a period of six months should be sufficient.

At the end of that time the staff member, working with the advisory committee, should have the major areas of the larger project blocked out, a biographic index of personalities prepared and tests made of their cooperative willingness, a bibliography of basic materials and a map of source papers ready. With those in hand, it will then be possible to attack the problems of the larger project.



A budget for this exploratory work should be simple but adequate. The plan includes the hiring of one staff member for six months, a bibliographer and a capable secretary familiar with bibliographic methods. There should be a fund for necessary expenses incurred in travelling to interview key figures not in New York, and a fund to cover the cost of committee meetings. The following figures are proposed:

Compensation of staff member - 6 months at the rate of \$10,000 a year .....	\$5,000.
Salary of Secretary .....	2,500.
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End Product - The Larger Design

This proposal concerns only the preparatory stages, during which materials needed for further study of the Federal Reserve System will be surveyed and the co-operation of key persons enlisted. But a pilot project of this type is pointed toward a far wider end product.

The Committee cannot at this time make more than a rough estimate as to how long the larger project may take or how much it might cost. The work toward which this pilot effort leads is of such great value and has such wide ramifications that any attempt to draw its limits now would be revised six months from now. Much more than pure history is involved. The Federal Reserve System is part of the governing structure of the country, and as such its functioning and its effects bear upon the continuing success of this democracy. They need study from many more angles than are ordinarily contemplated, and they demand far wider understanding than has hitherto been granted.

With this in mind it seems clear that at least five years' work would be involved in producing and publishing such works as a definitive history of the Federal Reserve System, an analysis of its place in the American economy, several volumes of pertinent papers to be collected and edited, a couple of key biographies, at least one popular account useable in high school and freshman college courses, articles and monographs in periodicals. Such a comprehensive design <sup>would</sup> need funds

not less in amount than \$300,000, and might well attract scholars from several disciplines. It would spur research and writing in a field rich in possibilities, inadequately covered by present publications, and of vital concern to the country.

Telephone: Rhineland 4-0120.

December 28, 1953

Dear Mr. Calkins:

The enclosed memorandum is that which Mr. Donald Woodward discussed with you by telephone this evening. It was prepared for the small ad hoc committee and its wording has been approved by them. Nevertheless, it may not in every respect meet the requirements you would set, and I would suggest that you indicate any changes you think desirable.

You will find that under the heading "Work Plan" I have suggested the need of a section setting forth the relationship which such a committee may have to Brookings if you approve of the association of the Committee with the Institution which you discussed with Mr. Woodward. From the Rockefeller point of view, I believe that such matters as tax exemption should be included in this section.

You will, I hope, pardon this very hasty note. As Mr. Woodward told you, Dr. Willits has asked that this proposal be in his office on Monday, or even by Saturday, if you can have it back to me by Thursday, with whatever changes you find vital, I will see that it reaches him by the prescribed date.

Thank you so much for your courtesy in this.

Very sincerely yours,

s/ Mildred Adams

Mildred Adams

Dr. Robert Calkins  
Brookings Institution  
Jackson Place  
Washington, D.C.

P.S. I assume Mr. Woodward told you that a letter of transmittal would also come from you.

M.A.

PROPOSAL

draft sent Callahan  
12/28/53

FOR AN EXPLORATORY PROJECT LOOKING TOWARD THE  
COLLECTION, APPRAISAL, EDITING AND USE OF  
HISTORICAL MATERIALS ON THE FEDERAL RESERVE SYSTEM.

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not less in amount than \$300,000, and might well attract scholars from several disciplines. It would spur research and writing in a field rich in possibilities, inadequately covered by present publications, and of vital concern to the country.



Project - To make an exploratory study into the wisdom, need, possibility of writing a popular study of the part which money plays in the economy in the United States. This would have special reference to the part which the Federal Reserve Board, its member banks, and the people in them played between 1915 and 1953 in making the American economy what it is today.

Need for such a study -

American ignorance of <sup>the American</sup> their own economy, its component parts and its manner of working, still <sup>is</sup> so great as to be potentially dangerous at moments when they, as citizens of a democracy, are called on to choose one economic course or another. Since 1933 when the Roosevelt regime started a <sup>campaign of</sup> series of attempts at popular education in an effort to bring popular belief and actuality somewhat closer together the public has <sup>been</sup> brought to recognize the part which industry plays in making the economy what it is. Thus far no analogous effort has been spent on explaining and publicizing the part which money plays. Indeed there has been discernible what <sup>might be</sup> can only be called a deliberate effort to keep banks and bankers in the shadow. It seems probable that this stems from the banking crisis of 1933 when the national government capitalized on the political chance offered by an economic situation and "rescued" the banks from their perilous state, to the disgrace of the banks and the benefit of the New Deal. In any event, time enough has passed so that that episode should take its place in a longer history and a <sup>strong</sup> growing economy.

Form of end product -

One or more books intended for popular reading.

Once the material is in hand, it might well be possible to produce a book of the type which a publisher of paper-bound volumes who numbers his readers in the millions would find acceptable. The first effort, however, would be to produce a volume on the general level of the Harrod biography of J. M. Keynes; a book which combines economics and finance with a vivid account of the human personalities, motives and accidents involved; a book which should become required supplementary reading for college students studying economics in general, money and finance in particular.

Instigators of Project -

This project stems from a long held desire on the part of Donald Woodward (now chairman of the Finance Board of Vick Chemical Company, recently Vice President in charge of Research for the Mutual Life Insurance Company of New York) to get down on paper the rich and turbulent history of Federal Reserve activity from 1929 to 1933 while certain personalities then actively participating were still alive. Mr. Woodward had hoped to do the study himself, but increasing responsibilities made him fear that by the time he could find hours enough the personalities involved would no longer be living. He therefore enlisted the interest of Mildred Adams (in private life Mrs. W. Houston Kenyon, Jr., wife of a well known New York attorney) a former colleague on the American Survey section of The Economist (London) who has had long experience in writing on economics (and non-economic) subjects. Miss Adams who was graduated with honors in

economics from the University of California considers herself a lay economist more interested in writing than in pursuing the changing intricacies of economic theory. She was in 1939 engaged by the American Adult Education Association to write a first book in economics to be included in a series then being prepared by their Readability Laboratory. That volume, called Getting And Spending and published by MacMillan under contract with the AAEA, went through two editions, and a special paper-bound edition of 10,000 copies prepared for the educational work of the then active CCC Camps. Her work as a journalist includes almost weekly contributions between 1930 and 1940 for the New York ~~Sunday~~ Times. Since 1940 she has ~~tended to~~ spend <sup>a much of her</sup> ~~more~~ time in contributions to The Economist. She is presently correspondent of that publication <sup>at</sup> the United Nations, and also writes <sup>for it</sup> on American affairs.

Theme- Part which the Federal Reserve and the people in it played between 1913 and 1933 in making the American economy what it is today --

Conscious purposes, accidents, mechanisms, men.

What is that economy today? Mixed between controls and free mechanisms, industrial production the largest fraction, devoted to <sup>egalitarian ideals, to</sup> free enterprise (even where it doesn't exist) and to the belief that everyone is better off when everyone works, and security for everyone can be had. Most powerful economic force (as a nation) in the world today.

Producing \$360 odd billions of goods and services per year. <sup>(Keynesian camp \$500 billion in 1960)</sup>

Distributing it with enough success so that

- (a) its people have the highest real income (?) in money terms, and the widest general spread of comforts.
- (b) its people are thus far able and willing to tax themselves not only for the government (communal) services they want, but also to distribute x billions in loans and grants to ailing nations elsewhere. (This, accomplished in the name of mutual aid and a cooperative effort to stave off communism until it shall cease to be a menace to this nation's life, comes back in the form of political reassurance, and economic purchase of American products. Whether it is a good investment from either point of view remains to be proven. Thus far it is an experiment somewhat though not wholly analagous to the British policy of 19th century developmental loans.)

Exerting pressure on older governments and ~~deceyng~~ economies in an attempt to push them closer to the American pattern. <sup>(Hicks - Oxford Economic papers - on whether can be a gap in developmental rate over long period)</sup>

What was that economy in 1913?

Largely a matter of private enterprise, though glimmerings of social protest tending toward controls were discernible. Agriculture still loomed larger than industry (?) but industry was gaining. 19th century patterns of boom and bust, upper and lower class etc. still governed. Victory over Spain in 1898 had given it an elated sense of political destiny, and made Europe conscious of its young ~~what part did the central banking system play in this 40-year transformation~~ power, but neither attitude had jelled or was generally accepted.

What part did the central banking system play in this 40-year transformation of the ambitious child into the cautious giant?

What, in essence, is a central banking system?

What does it do?

How does it do it?

What effects does it have?

How do those effects show themselves?

When, and why, was the central banking system set up?

Aims of the Founding Fathers

Hamilton vs. Andrew Jackson

1st National Bank - 1791-1811

2nd National Bank - 1816-1936

Civil War by private banking -- Jay Cooke -- educative influence of a bad example.

National bank system - 1863-1913

Persistence of the boom and bust

*Sub Treasury in its small part acted role of central bank - Reports of Secy of Treas & Comptroller of Currency indicating policy - Recognize central banking functions*

Why and how a Federal Reserve System - 1913 to date.

Infancy - 1913 through World War I

Impotence or lack of judgement in the 1920's?

Effect if any on the depression of 1921.

Effect if any on the boom and crash of 1925-29

*or not*

Lessons learned and applied for the long depression

Glass-Steagall act of 1933

Emergency Banking Act of 1933

*and supplements*

Roosevelt re-molds the Federal Reserve for the purposes and needs of the New Deal.

Changes of 1935

The Fed. It helps finance the war by aiding Treasury to build in inflation

Policy of cheap money and low interest rates.

Truman and Snyder vs. the Fed.

Policies and problems of 1952

*reversion to*

New policies, or old ones when the worm turns?

Cost of a huge federal debt, and how to handle it

Have men learned to control a national economy by manipulating monetary valves?

*central*

Is the banking system truly the core of our national economy?

The personalities concerned, alive and dead.

Robert Roy Young, Boston  
Arthur Flemming, Washington  
Marriner Eccles  
Carter Glass (memoirs?)  
Andrew Mellon

Charles Hamlin (once Board member -)  
Walter Stewart (once <sup>Fed's</sup> director of research - how Inst. for  
Advanced Studies -)

Parker Willis - wrote book  
Win. Reifler erst ch. Board - Woody Thomas Board, say young in  
1920's  
Sam Carpenter, how say  
Elliot T. Linstrom -

Bibliography-

Holdsworth, J.T. First Bank of the US (Phil. 1910)  
Catterall, R.C.H. Second Bank of the US (Chicago 1903)  
Kemmerer, R.W. ABC of the Federal Reserve System (Princeton 1938)  
Warburg, P.M. Federal Reserve System, Its Origin and Growth (NY 1930)  
~~Harris, S.B. Twenty Years of Federal Reserve Policy (Cambridge 1935)~~  
Weissman, R.L. The New Federal Reserve System  
Crawford, A.W. Monetary Management under the New Deal (Wash. 1940)  
Pavolsky, L. Current Monetary Issues (Washington 1934)

Burgess - Reserve Banks + Money Markets  
Banking Studies (Aug 1941 -)

Woodward + Warren

Fed's answers to - Patton Committee Questionnaire -

Step 1 - Exploratory study of literature -> Reserve Board Report for  
scope of job 1923 -  
materials.

list Committee -

Steve Sachse - Board  
(young man - with Burgess)

Beckhardt - Money + Banking - Columbia

Cyril James. His fill - deep in Fed studies Middle '20's

Argues Withers - 1928 in Board staff

Harold Monilton - from 1923 on - how in Wash.

Walter Lichtenstein <sup>now 70</sup> former  
econ. of 1st Nat. Bank  
Chicago - say of  
Fed's Advisory Council

Frank funds