

Apr. 9/54  
Friday afternoon

Dear Dr. Calkins-

The draft proposal as I have red-done it is attached. It is still rough, and I have to ask you to read more than necessary, but I would very much like to know whether you think this is coming better. You will find on page a phrasing of the cut-off date difficulty for which I'd *specially* appreciate comment. No one else has seen this yet.

My plan is to write a page and a half of introduction, *also appended* to insert the report on the pilot project, then to follow with this proposal. I'll get the whole back to you as early in the week as possible so that you can see it for final comment.

I shall be in New York Monday, and will call you by phone in the morning. Don Woodward has arranged that he and I go to see Dr. Willitts that afternoon at three. I assume we will take this whole thing with us, rough though it still is.

Thanks much for so many kindnesses

Mildred Adams

Introduction -  
1st sentence intro

Please conversation with  
Callins 4/12/54

"Recent character of" - and  
early progress, but details -

Make case for covering on expectation for 5 years -  
have justified only a year or more  
assistants would actually do cataloging &  
classifying. Callins not sure it is 5 years  
i.e. amount of time taken on another job -  
how do we know it takes 5 years to do job?

~~Footnote~~ History - writing some hours - make it major -  
omit "per period" -

Persons - ?

p. 6 rewrite re

## PROPOSAL

### Introduction

In January 1954 the Rockefeller Foundation made a grant for a pilot project leading toward a history of the Federal Reserve System. The immediate end was to find out what materials were available for such an undertaking, materials not only in the sense of papers, but also of the living memories of men active in the early days of the System.

That task has been carried on since January 15th. It has yielded extraordinarily good results (a report of its findings to April is appended), and there is every reason to believe that an even greater harvest of papers and memories lies waiting to be gathered. The Committee feels that this has proved to be in the best sense of the word a pilot project. In addition to exploring papers and memories, it uncovered that sense of personal struggle and accomplishment which is the living core of any institution. It enlisted interest and it ensured cooperation for the future. It points the way very surely to the next and much bigger task which lies ahead, and for which the Committee now asks the consideration of the Foundation.

### I The Task

In calling itself the Committee on the History of the Federal Reserve System, the group presenting this proposal defined its primary purpose. But the discoveries, contacts and discussions made during the pilot project have deepened the content and widened the scope of that purpose. The Committee now knows that what needs to be done is much more than a single history of the Reserve System - it is an appraisal of one of the most extraordinary inventions in this democracy, a review of experience in its functioning, an analysis in terms of the memories of men who helped develop it and who took part in its operation. The episodes around which conflicts swarmed, and out

of which change came, the process by which decisions were made, the importance of personalities, the interplay between public policy and private needs - these various angles of approach and many more which have been suggested from time to time by Committee members testify to the vitality of the subject and to the lessons which can be learned for other democratic institutions by a detailed study of its experience.

## II Why Important?

The importance of the subject is, however, greater than a matter of the material dealt with or the people dealing with it. It goes much farther than the task of history writing, vital as that is, and farther than what are commonly considered the somewhat narrow confines of the banking world.

(a) Of all the innovations in government mechanisms which Americans have brought about during the twentieth century the Federal Reserve System stands first, and not only because of the unprecedented functions which it is called on to perform. It operates with a high degree of autonomy linked with a fine sense of public purpose. To an extraordinary extent it has managed to preserve its freedom from both Congressional and Executive pressures. In periods when it has been forced to yield the public protests against such yielding have been continuous until the pressures have softened and the balance has been restored.

(b) Writing in 1946 about twentieth century monetary controls, Professor Robert Warren of the Institute for Advanced Study observed that in the nineteenth century there developed a new type of society, the money economy, which made new demands on those who administer Government control over the supply of money. "High and low, rich and poor, bond and free there had always been, but never before had there been an economy that expected the majority of its people to be totally dependent upon the continuity of a stream of money

income". Along with other observers Professor Warren interpreted the primary task of the Federal Reserve System as one of seeing that this continuity of the stream is not interrupted by monetary failures. To do this it bridges the gap between public and private efforts to influence the economy. The goal toward which it has been directed in these later stages is the stability of the economy for the public good; in that pursuit it has developed, tried and discarded one method after another, only to reach for a new one which promised better results. Analysis of these experiences form important chapters in both monetary and economic history.

(c) In the practise of the functions laid upon it, the System has enlisted and trained staffs whose skill and devotion to the System's work stands in notable contrast to that of certain other governmental institutions. Not only have they weathered forty years of political storms with a minimum of vulnerability; the System as a whole, by some curious magic, has withstood political attack from both parties. Tensions which in theory should have split it apart seem somehow to have been important factors in holding it together.

(d) An analysis of the changing experience in design and in operation of this unique governmental mechanism would have great value. It is important for the future performance of the System and of the American economy. There is reason to believe that such analysis may hold lessons of great value which can be applied to problems of organization in both governmental and private life, far removed from the process of monetary management.

III           The questions which this study would illumine fall into two categories. There are in the first place what might be called the technical

issues, some theoretical and some matters of operating policy, which have absorbed the System's attention at one time or another in its life. These appear in annual reports, they are high-lighted in government hearings, but in both instances the questions which an informed and impartial student might ask are diverted by the exigencies of the moment. Enough time has elapsed, for instance, since control of the discount rate was first used by the System as a tool of monetary policy so that its importance under varying conditions can be weighed and studied. The same thing is true of changes in reserve requirements, and of the tool of open market operations. Yet a vast amount of controversy still surrounds them, some of which could be resolved by competent studies.

Beyond the technical points at issue (of which these are merely instances that come first to hand) lie broader issues both within and without the banking system. For example, how did it come about that so unique a mechanism of monetary control was established? By what methods and devices has it endured and thrived? How are the skill, competence and individual freedom of its staff, unusually high in government or in private bodies, maintained and encouraged? How has the relationship between staff and Board members been worked out? How can the System's role in the world of government and in the economic world be best defined and understood? What are the lessons of this role for other organizations, in or out of government? How are Board decisions, with their high degree of importance in American life, arrived at? How does the System influence the operations of monetary mechanism at moments of crisis? What lessons are there in the relations which prevail between Board, Reserve Banks and Member Banks, and how are those relationships evolving?

#### IV Scope and Method of Inquiry

The study which we propose would cover the entire Federal Reserve

System, including the Board and the twelve regional banks, from their inception. Much has been written on the events, crises and personalities which led up to the founding of the System, but even this needs re-studying in the light of newly discovered material.

We would therefore set out to make a complete search for the material and the people concerned in Federal Reserve legislation, theory and operation, going back at least to 1907 when the Aldrich Commission functioned. From 1913 forward we would undertake to discover the cast of influential characters in the System's growth, change and operation, including governmental figures in Congress and the executive branch; Members of the Board and influential men on the Board staff; Governors, Presidents and senior officers of Reserve Banks; Members of the Federal Advisory Council, the Open Market Committee and allied bodies; men in academic life (as for example, Oliver W. M. Sprague and John H. Williams) who have been in close and influential contact with the System during its years of growth.

The method to be used is that which has successfully been developed during the pilot project phase of this study. It includes visiting Board and Banks, both to search out men who remember early days, and to ascertain how records are kept and what local records are available; the establishing of the names of the dramatis personae, the recording of brief biographies concerning them, the request for interviews if they are still alive, the search for their papers if they are deceased.

Experience in the pilot project, and consultation with those engaged in other attempts to chart and record the course of living institutions, have taught us that the comprehensive study of the Federal Reserve System which is the core of our endeavor divides itself into three steps; these for convenience may be called, the archival process, the interview process and

the writing process. Logically, these three appear to be separate, just as in the pilot project the process of discovery of papers, gathering of memories and building of card files appeared to be separate. Actually, each process in the pilot project fed and profited from each other. The success of that project was in no small part due to what seemed at times a handicap - namely, that all three processes were necessarily going on at once.

Were it advisable, in view of that experience, to try to carry on the archival, the interview and the history-writing processes of the main project one at a time, in series, we might propose that the grand design move forward in two phases. A reading of the report on the pilot project shows how much has been started, and how much remains to be done. For example, the research director hoped to visit all twelve Reserve Banks during the pilot phase, but the volume and variety of work under way forced postponement; most of those Banks distant from the Atlantic seaboard remain to be explored. The mapping and survey stage uncovered not only papers and memories. It also set the pattern for the study of those papers and those memoirs. A great deal more must be done along these lines before the master files of papers and other materials are ready for the student's use.

Not only must the master files be completed, but the papers which have been uncovered during the pilot project, and the collections still to be found, must be analyzed for pertinent material. The Hamlin diaries, recently released from a ten-year seal, stand alone in terms of the preparation and indexing lavished on them, but even the Hamlin diaries are new ground for the student. Someone must read those 26 volumes and evaluate them for the purposes of any comprehensive history of the System.



The work to be done on other collections, not yet sorted or classified, is more extensive. The National Records Management group stands ready to start a pilot study of a similar group of papers in order to chart costs and work out efficient methods of handling. Young Parker Willis would take time from his work at the Federal Reserve Bank in Boston to survey his father's papers if this were arranged. The Goldenweiser papers, the Adolph C. Miller papers are destined for this Committee's use. These and many more must be classified and set in order.

But even while setting down these small examples of the large amount of work which remains to be done in the first two processes we recognize how inextricably linked with them is the third process. During the pilot phase we became aware of writings under way and needing encouragement which would be valuable for our purposes and which would be finished the sooner if they could profit from the work we were doing. Research into the past is not well done in a vacuum or without the added spur of a person who wants to use its results. The historian who can work with researchers, using their data, stimulating and broadening their search by his questions, has a richer content to draw from than the one who starts after the research process is finished and filed away.

### Proposal

We therefore propose to move forward with three groups of activities, all of them vital to the comprehensive study which is the core of this endeavor:

#### 1. Archival

- (1) To continue and complete the visits to Beard and banks, the search for records, the interviewing, the hunt for papers and the recording of discovered material which was

started during the pilot phase.

- (2) to continue and complete the biographic, bibliographic and chronological master files which were started during the pilot phase.
- (3) to make available to qualified students that part of the Committee's research material which is pertinent to their inquiries.
- (4) to work out problems of handling related collections of papers and putting them in usable shape for students. This may include financial aid in certain instances. (For example, the Carter Glass papers are at the University of Virginia as described in the report on the pilot phase. Their classification and study is essential, but funds would have to be provided).

## 2. Interview

To continue the interview process which has yielded such good results under the pilot project, and to enter on a series of further interviews with chosen individuals in the older group who have already shown themselves to have good memories and an interest in contributing all they can to this project. Such men as Roy Young and Walter Wyatt of the Board, George Harrison, J. Herbert Case and Leslie Rounds of the New York Bank, John Sinclair and Casimir Sienkiewicz of Philadelphia, are of this type, and there are many more. Just as the Harvard Business Studies group finds a tape recorder valuable for catching the living word in key interviews, so might we profitably avail ourselves of this technique in selected instances.

### 3. Writing

The writing and editing falls into three parts -

- (1) The monographs - in a study as extensive and important as this the monograph plays a key part. In some instances it stands by itself, as a definitive study of one part of a related whole. In others it acts as an introductory study and may later be incorporated into the whole. The pilot phase uncovered certain monograph ideas, some of them already started, others only in the planning stage. For example, Carl Parry, now retired from the Board staff, should be encouraged to complete his half-done monograph on Selective Credit Controls, a subject in which he has had active as well as theoretical interest. Gardner Patterson of the International Finance Section at Princeton University would like aid to write a study of Reserve International Financial Operations in the 1920s; Lester Chandler, also of Princeton, would like aid to write a long monograph or a short book on "Ben Strong, Central Banker"; two able men, Dr. Karl Bopp of the Philadelphia Federal Reserve Bank and Professor Edward Shaw of Stanford University are each interested in a study which might be called "The Art and Politics of Central Banking." No commitments have been made in regard to such work. These examples are, however, listed as showing the caliber of work which this Committee would like to encourage, and for which it would use funds.

(2) Major Works

Of these the definitive history is the core of the project and the one toward which we continue to point our endeavors. We believe that its writing will take a good three years on the part of a distinguished scholar who has already shown the skill and judgment which the creation of such a history demands. The task of exploration and recording of materials will be carried further and the field of possible scholars will continue to be canvassed.

Considering the high cost of subsidies for major works we would hesitate to name other volumes for which we are ambitious were it not for hopes that at least some of these might find publication through commercial channels and would need from this Committee little more help than can be provided through consultation, use of materials, perhaps a small subsidy for stenographic aid. We have from the beginning believed that the play of personalities would be an important factor in any governmental operation and that a volume of biographic essays on key figures could be written so as to illuminate various facets of the System. We also think that a volume of essays on crises in the banking world, following the volume by Oliver M. W. Sprague on History of Crises Under the National Banking System, would be an important contribution which might find publication through regular channels. There would be others as the project develops.

(3) Editing and Publishing of Documents

The Committee's staff has noted with interest the British example whereby documents basic to central banking in England, including key speeches and memoranda as well as legislation, were edited and published under the title Gregory's Select Statutes, Documents and Reports Relating to British Bank, 1832-38. Comparable material in American banking practice is scattered, and might well be gathered in some such volume. It has also been suggested that a comprehensive annotated bibliography covering both published and unpublished works bearing on the System would be a most useful contribution to research activities. In addition it is not improbable that selected papers from the various collections under survey may prove so valuable as to deserve publication. No decisions have been made in this field, but we list this activity as one in which the Committee may engage.

Use Of Materials

The Board and the Reserve Bank of New York have been particularly interested in the work of this Committee; individuals from these institutions, both officers and staff have been actively participating in it. Both Board and Bank may face problems of participation when more recent events come to be discussed; the availability of confidential materials covering recent events may also present a problem.

The existence of this problem must be recognized, but the Committee is confident that a solution will be found which will neither hamper the project nor strain either the willingness or the ability of individuals or institutions to continue their co-operation.

VI Organization, Personnel and Budget

(a) Organization

The grant for the pilot project was made to the Brookings Institution; an informal working arrangement was established whereby the President of Brookings became a member of the Committee, work was done under Committee supervision, and Brookings acted as disbursing and bookkeeping agent. That institution also furnished office space in Washington for the Research Director, as did the Federal Reserve Board.

Because the Committee was composed of busy men, the supervisory function fell most frequently to its secretary, Donald Woodward, at one time on the Board's staff, now Chairman of the Finance Committee of Vick Chemical. The other members of the Committee have also shown steady and vigorous interest in the pilot project and have been generous with time and advice when called on for consultation.

The daily work was carried on by a small staff headed by Mildred Adams as Research Director, assisted by Katherine McKinstry (who shared her skill as research assistant and her time between the work of this Committee and that of Dr. John H. Williams, consultant to the Federal Reserve Bank of New York) and two young typists. All these assistants were assigned by the Bank from its own staff, their salaries paid by the Committee. The Bank also supplied working space and furniture.

This same plan of organization, with some modifications, is the one we would recommend for the comprehensive study. The association between an ad hoc committee and Brookings Institution is unusual, it has values for both groups and we recommend that it continue. Certain problems in that relationship will arise when the publishing stage is reached. These problems do not, however, call for immediate solution and their resolving will not disturb the work of this Committee.

The Committee's functioning, and its relation to the small staff, would continue along established lines. Thus far the Committee has been kept informed of work accomplished through progress reports put out by the research director, through personal consultation; and by discussion in meetings. Meetings will be held when needed, they will be called by the Secretary with the consent of the Chairman. The identification of interests between the Committee members and the work being done will make for continuing oversight on the part of members.

(b) Personnel

The major project will be put in charge of a scholar of wide experience and attainments who will have general supervision over its various parts and who will himself undertake some of the writing assignments which the Committee contemplates. Mr. W. Randolph Burgess, presently Deputy to the Secretary of the Treasury, will occupy this part when his present work at the Treasury is completed. An active member of this Committee, he brings to the post an extraordinary combination of practical experience in monetary affairs and scholarly accomplishment. A graduate of Brown University, he got his doctorate at Columbia in 1920 and went at once to the Federal Reserve Bank of New York. He became Deputy Governor of that Bank in 1930, and Vice President in 1936. To this experience in central banking he added fifteen years' experience in commercial banking as Vice Chairman of the National City Bank and then Chairman of its executive committee. In 1953 he returned to the Federal Reserve Bank, only to go to the Treasury as Deputy to the Secretary. The breadth of his scholarly interests is indicated by the fact that he has been at various times President of the American Statistical Association and the Academy of Political Science, as well as of the American Bankers Association. Mr. Burgess is editor of a volume of papers by Benjamin Strong, "Interpretations of Federal Reserve Policy", and author of "The Reserve Banks and the

Money System", a classic in this field of literature.

For obvious reasons this cannot yet be publicly announced, but the commitment is firm. Mr. Burgess will give full-time to this project. He has from the beginning of the pilot phase been an active participant in Committee discussion and will so continue during the remainder of his service at the Treasury. During that interim he will continue to be assisted in Committee matters by Mr. Donald Woodward, Secretary of the Committee. Mr. Woodward's experience with monetary material includes work on the Board staff and writing about System affairs for the Wall Street Journal, Business Week and The Economist (of London). He developed the research division of the Mutual Life Insurance Company and became First Vice President of that institution. He is now Chairman of the Finance Committee of the Vick Chemical Corporation.

The other four members of the Committee are, of course, experts in the monetary field. The Chairman, Mr. Allan Sproul, has spent his working life within the Federal Reserve System. Starting in 1920 in the Federal Reserve Bank of San Francisco he served there ten years and then moved to the Federal Reserve Bank of New York. He has been President of the New York Bank since 1941.

Mr. William McChesney Martin Jr. comes from a St. Louis family famous in central banking. To experience in the Federal Reserve Bank of St. Louis he added ten years of activity in the investment business. He was President of the New York Stock Exchange from 1938 to 1941; Chairman and President of the Export-Import Bank in 1946; U. S. Director of the Bank for Reconstruction and Development; Assistant Secretary of the Treasury in 1949. He is now Chairman of the Board of Governors of the Federal Reserve System.

Dr. Robert Calkins is now President of the Brookings Institution. He got his doctorate in 1933 with a thesis on banking, went at once into academic work, lecturing on economics both at Stanford and at the University of California



where he became Chairman of the Economics Department and then Dean of the College of Commerce. Between 1941 and 1947 he was Dean of the School of Business at Columbia University, and from 1947 on he was Vice President and Director of the General Education Board. Dr. Calkins served for five years as Director of the Federal Reserve Bank of New York.

Dr. Walter W. Stewart also has combined academic with banking and investment experience. Professor of Economics at Amherst College from 1916 to 1922, he then went to the Federal Reserve Board as Director of the Division of Research and Statistics. In 1928 he became Economic Adviser to the Bank of England; in 1931 he was appointed American Member of a special committee of the Bank of International Settlements to look into German reparation obligations under the Young Plan. He was for some time President of Case Pomeroy and Company, an investment house. Trustee of the Rockefeller Foundation, Chairman of the General Education Board, Professor at the Institute for Advanced Studies, he was in 1953 called to Washington to become a member of the Council of Economic Advisers.

As Research Director, Mildred Adams who initiated and carried through the work of the pilot phase, will continue during at least the early period of the main study. Miss Adams (in private life Mrs. W. Houston Kenyon, wife of a New York attorney) is an economist by education and a journalist by training. To experience in feature writing for the New York Sunday Times, Barrons Weekly and various other magazines she added editorial writing for Business Week, and for The Economist (of London). She has recently been United Nations correspondent for the latter publication.

In order to do the amount of visiting of Reserve Banks which the study needs, Miss Adams must have an assistant capable of accepting more responsibility for administrative detail than can be delegated to Miss McKinstry

if the part-time arrangement for the latter's services prevailing under the pilot project is to continue. The Committee's aim is to find a well-equipped and exceptionally able research assistant, with the necessary academic training in monetary matters and some experience in administration, who has the capacity to play a major role in the project. Such a person would, after a year or so as administrative assistant, take charge and carry forward. Miss Adams will then be in a unique position to embark on a major writing part of the project.

In addition we would need a secretary with research experience, (Miss McKinstry is so exceptional that we would like to keep her, even with the handicap of part-time service). It may be necessary to add secretarial help in Washington, and provision for this contingency will be made in the budget.

(c) Quarters

There is reason to believe that offices and equipment assigned for the pilot project by the Federal Reserve Board in Washington, the Brookings Institution and the Federal Reserve Bank in New York will continue to be available.

This provision of rent-free quarters and equipment (the Federal Reserve Bank imposes a very nominal fee for furniture rental which is more than counterbalanced by its many operating services) is a concrete instance of the interest which the System is taking in the entire project. Board and Banks are also making important contributions in the form of material and of research assistance. Their continued co-operation is of course a vital factor in the process.

(d) Budget

In the exploratory phase, personnel of Board and Banks have been helpful and co-operative with specialized knowledge and time for discussion.

The Committee's debt to librarians, heads of research departments, purchasing agents, secretaries who helped out is very real, and financially substantial.

Significant parts of the cost of this project will be provided by contributions from the System in the form of rent-free quarters, use of equipment, consultations with officers, hours of work on the part of librarians, research aides, purchasing agents, secretaries, and other staff members. The Board and the twelve Reserve Banks have evidenced continuing interest. The Treasury files are open to us, the manuscript division of the Library of Congress and interested people in the University libraries are rendering us all possible aid. The Committee members themselves are serving without compensation, and with no allowances except for occasional travel expense.

In addition to these large contributions from the System and other groups, contributions which in themselves attest to the importance of this project, further funds will be needed to carry on this study.

The costs which can be estimated are preponderantly for staff salaries, travel expenses, supplies (limited mostly to stationery and archival materials) and subventions to be used in three ways - to be paid for the study and evaluation of collections of papers, to assist the writers of monographs, to defray the cost of major works.

Based on experience in the pilot project, we have made estimates in two groups, one for an early period when research expenses and travel costs will be relatively high, the other for a period when the heavy costs will take the form of subventions and other aids to writing and publishing which are the goals of this study. These budgets should be taken as estimates only, and we would ask that a high degree of flexibility be allowed the Committee in allocating the funds for which it asks. There may be instances in which provision for salaries will be transferred to grants-in-aid, and vice versa, depending on the situation.

Budget Estimates June 1, 1954 to May 31, 1959

	<u>Earlier Period</u>		<u>Later Period</u>
Salaries to provide a research director administrative assistant, research secretary, secretary for the project head, typist	\$30,000	Salaries	\$40,000
Travel Costs	3,000	Travel Costs	2,000
Other expenses	1,500	Other expenses	1,000
Funds for writing	<u>15,000</u>	Funds for writing	<u>24,000</u>
Annual Total	\$49,500	Annual Total	\$67,000
Totals for earlier period		\$ 99,000	
Totals for later period		<u>211,000</u>	
Total for five years		\$310,000	

The arithmetic in this table is worked out on a two and a three-year period. Actually we cannot tell at this moment exactly when people will be available or just how fast some steps can go. Therefore, we would ask that the expenditure curve be left flexible.

VII Request

In view of these estimates the Committee respectfully requests that for the purpose described in this proposal the Rockefeller Foundation grant \$310,000 to be expended in the five years between June 1, 1954 and May 31, 1959.

The grant should go to the Brookings Institution with the understanding that its responsibilities and those of the Committee toward the project are mutual, and that an informal relationship between the two bodies comparable to that which proved so satisfactory during the pilot phase is to continue.

The report of the pilot project, which reveals the wealth of materials found and indicates the richness yet uncovered, is appended.

Walter Bagehot said "Money will not manage itself". To which the late Emanuel Goldenweiser added his plea for "an understanding of this major force, of its causation and consequences". We are convinced that the role which central banking plays in the management of money will be even greater in the future than it is now. It is the hope of this Committee that the study proposed will contribute to its better understanding.

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Proposal

Experience in the pilot project, and consultation with those engaged in other attempts to chart and record the course of living institutions, have taught us that the task of writing a comprehensive history of the Federal Reserve System which is the core of our endeavor divides itself into three steps; these for convenience may be called the archival process, the interview process and the process of history writing. Logically, these three appear to be separate, just as in the pilot project the process of discovery of papers, gathering of memories and building of card files appeared to be separate. Actually, each process in the pilot project fed and profited from each other. The success of that project was in no small part due to what seemed at times a handicap - namely, that all three processes were necessarily going on at once.

Were it advisable, in view of that experience, to try to carry on the archival, the interview and the history-~~process~~ writing processes of the main project one at a time, in series, we might propose that the grand design move forward in two phases. A reading of the report on the pilot project shows how much has been started, and how much remains to be done. ~~finished~~ For example, the research director hoped to visit all twelve Reserve Banks during the pilot phase, but the volume and variety of work under way forced postponement; most of those Banks distant from the Atlantic seaboard remain to be explored. The mapping and survey stage uncovered not only papers and memories. It also set the pattern for the study of those papers and those memoirs. A great deal more must be done along these lines before the master files of papers and other materials are ready for the student's use.

a ten-year seal,

Not only must the master files be completed, but ~~the~~ papers which have been uncovered during the pilot project, and the collections still to be found, must be analyzed for pertinent material. The Hamlin diaries stand alone in terms of the care for preparation and indexing lavished ~~(recently released from the bonds which kept them inviolate,~~ on them, but even the Hamlin diaries, are untouched ground for the student, ~~S~~ ~~Someone~~ <sup>60 P</sup> Someone must read those 26 volumes and evaluate them for the purposes of any comprehensive history of the System.

The work to be done on other collections is still more elementary. ~~For example, Professor Elbert Kincaid of the University of Virginia would like to classify and study the Carter Glass papers.~~ The National Records Management group stands ready to start a pilot study of a similar group of papers in order to chart ~~charts~~ and work out efficient methods of handling. Young Parker Willis would take time from his work at the Federal Reserve Bank in Boston to survey his father's papers if this were arranged. The Goldenweiser papers, the Adolph Miller papers are ~~d~~<sup>e</sup>stined for this Committee's use. These and many more must be classified and set in order.

But even while setting down these small examples of the large amount of work which remains to be done in the first two processes we realize how inextricably linked with them is the third process. ~~Even in the pilot phase we became aware of writings under way or languishing for lack of encouragement which would be valuable for our purposes if finished and which would be finished the sooner if they could profit from the work we were doing.~~ <sup>During</sup> ~~Research of this kind will~~ <sup>and making</sup> is not well done in a vacuum or without the <sup>added</sup> spur of a person who wants to use its results. The historian who can work with researchers, using their data, stimulating and broadening their search by his questions, has a richer content to draw from than the one who starts after the research process is finished and <sup>into the past</sup> ~~put in a file case.~~ <sup>added</sup>

Under these circumstances we <sup>ask</sup> ~~are going to propose~~ that the Rockefeller Foundation grant us the sum of \$300,000, to be available for spending over the course of five years. With such funds we would expect to accomplish the following ends:

1. Archival -
  - (a) to complete the various master card files of biographic and bibliographic material started under the pilot project.

(b) to make available to qualified students such part of this research material as is pertinent to their inquiry.

(c) to work out problems of handling pertinent collections of papers and putting them in useable shape for students. This may include financial aid in specific instances. For example, the Carter Glass papers are <sup>at</sup> the University of Virginia. (see report). Professor Elbert Kincaid of that <sup>university</sup> college, due to retire from teaching in June, would like to classify and study them if funds could be provided.

2. Interview -

(a) to continue the interview process which has yielded such good results under the pilot project, and to enter on a series of <sup>further</sup> ~~secondary~~ interviews with chosen individuals in the older group who have already shown themselves to have good memories and an interest in contributing all they can to this project. Such men as Roy Young and Walter Wyatt of the Board, ~~Joseph Broderick~~, George Harrison, J. Herbert Case and Leslie Rounds of the New York Bank, John Sinclair and Casimir Sienkiewicz of Philadelphia, are of this type, and there are many more. ~~It is the hope of the Committee's research director that~~ just as the Harvard Business Studies group <sup>finds</sup> ~~uses~~ a tape recorder <sup>valuable</sup> for catching the living word <sup>in key</sup> of ~~her~~ interviews, so <sup>we</sup> ~~she~~ might profitably <sup>experiment with</sup> ~~use~~ this technique in selected instances.

3. History-writing, which is the core of this project, falls into two groups, the comprehensive history itself, and certain <sup>peripheral</sup> ~~principal~~ works which bear on it, contribute to it, <sup>already planned or under way</sup> ~~and are in being or can be started~~ ~~and completed in the near future.~~



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(b) The <sup>peripheral</sup> ~~principal~~ works are <sup>mostly of the</sup> ~~in the main~~ monographs. We cite, <sup>the following</sup> as examples; ~~the fact that~~ Carl Parry, now retired from the Board staff, should be encouraged to complete his half-done monograph on Selective Credit Controls, a subject in which he has had active as well as theoretical interest. Gardner Patterson of the International Finance Section at Princeton University would like aid to write a study of Reserve international financial operations in the 1920s; Lester Chandler, also of Princeton, would like aid to write a long monograph or a short book on "Ben Strong, Central Banker"; two able men, Dr. Karl Bopp of the Philadelphia Federal Reserve Bank and Professor Edward Shane of Stanford University are interested in a study which might be called "The Art and Politics of Central Banking". It goes without saying that no commitments have been made in regard to such work. These examples are, however, <sup>listed</sup> ~~cited~~ as showing the caliber of work which this Committee would like to encourage, and for which it <sup>would</sup> ~~might~~ use funds. We have every reason to hope that the work done by this Committee, the contacts established during the pilot phase, and the stimulus which <sup>the</sup> ~~this~~ existence of this project provides will result in <sup>several</sup> other important works.

(a) The writing of the history itself is the major commitment toward which all this work leads and for which funds are being asked. The author must be a man who combines proven scholarly ability with wide experience in the monetary field. His name should carry authority in both the academic and the practical world. We are assured of the interest of a candidate who meets the most stringent requirements,

himself the author of books which are classics in the field. This potential author is at the moment occupying a post of high rank in the Government, and any specific discussion of his future availability runs the risk of raising rumors which should not be started. We trust that the Foundation will accept our word that the qualifications and experience, both in monetary affairs and in the very different disciplines of the student and the writer, are such that we <sup>can</sup> recommend him without qualification.

Operation

Experience in the pilot project has persuaded us that the best way to handle the comprehensive design is through a small administrative staff, over which this Committee, which in one form or another would continue in being, will have supervision. The Committee's association with Brookings, which has been both pleasant and helpful, will continue, though perhaps with modifications made necessary by the larger size of the project and the new problems raised by entry into the writing phase.

Those new problems involve three sets of relationships - those concerned with the use of material, those raised by relationships of Board and Bank with this Committee, those which arise from the commission or subvension of any author and the relationship of the Committee and Brookings Institution to whatever work he produces.

The use of material is a problem which becomes acute when it is proposed to move from the archival and interview steps to that of history writing. In the operations of the Board and the Banks

certain information is made public. Reports, news letters, legislation, published hearings and so on come in this first category. Other types of information are held confidential, some for a period of years, some under an indefinite seal. When the pilot project was started it was with the understanding that the Board was much interested in helping along an independent and impartial history project, did not wish to impose restrictions on the Committee's research, but would prefer that no explorations be made into events taking place after 1935. Because the research director was during the pilot project primarily eager to search out the papers and people of the older stages of the System this cut-off date created no difficulties. It will, however, pose problems as the work of history-writing takes shape. A forty-year life, whether of man or of institution, can hardly be adequately recorded if biographers and historians are allowed to examine only its first half. On the other hand in operations as <sup>pregnant</sup> frequent with <sup>differences of opinion</sup> conflict as those which take place in the monetary world, certain reticences must obviously be respected.

Two ways of handling the problem have been proposed, one that it be taken back to the Board in the hope of another ruling when and if the question becomes acute, the other that perhaps it is unfair to ask men now active in the Reserve System to stay on the <sup>Committee</sup> Board and thus lend their tacit approval to explorations which in their official roles they might feel unable to encourage. The Committee would like hate to lose them as members, but neither does any one want them to

be subjected to unnecessary dilemmas. A third solution might be to postpone action on the problem in view of the fact that the work thus far proposed is mostly concerned with matters prior to 1935 and that therefore the difficulties are all in the future. When they arise they can be dealt with individually.

As for the future commissioning of authors, and the problems which this may create, the Committee would in this follow the rules laid down by Brookings Institution after long experience and found satisfactory, ~~by them.~~

Staff and Office

The pilot project was carried on by the research director, Mildred Adams, with the aid of a <sup>most competent</sup> ~~qualified~~ research assistant <sup>Katherine McKinstry</sup> ~~whose~~ <sup>trained by</sup> ~~time has been shared with~~ Dr. John Williams <sup>and loaned part-time by firm</sup> and two young typists who have been helping to build card files. The association with Dr. Williams which this arrangement made possible had real values which <sup>compensated in that phase for</sup> ~~must be weighed against~~ the difficulty of operating with research help only on ~~as~~ a part-time basis.

The research director would like to continue in the same role during the first year or so of the major phase. She must, however, have an assistant able to give full time and capable of accepting more responsibility for administrative detail than could be delegated under the part-time arrangement prevailing during the pilot project. The ideal would be to find a young, well-equipped and able research assistant with the proper academic training, and some experience in administrative work of a related nature, who would

ultimately be capable of taking entire charge of the project and carrying it forward.

Offices and equipment were assigned for the pilot project in the Federal Reserve Board in Washington, the Brookings Institution, the Federal Reserve Bank of New York,

Work was mostly centered in the latter because staff was provided there and the research director is resident in New York. There is every reason to believe that similar arrangements will be continued throughout the major phase.

This provision of rent free quarters and equipment (the Federal Reserve Bank imposes a very nominal fee for furniture rental which is more than counterbalanced by its many operating services) is a concrete instance of the interest which the System is taking in the entire project. Board and Banks are also making important contributions in the form of material and of research assistance which cuts down the cost of the entire project.

Budget

The pilot project operated on a budget of \$10,000 for four months, which on an annual basis comes to \$30,000. As we paid no rent for working premises, that money provided salaries, supplies and travel costs.

The main project has wider needs. The same number of people (four) should be provided for the office, but the research director needs an administrative assistant, and one of the typists

should be replaced by a secretary with some research experience.

(If Miss McKinstry could be secured for full instead of part-time in this post she would be excellent, but this would mean her separation from Dr. Williams, a possibility which seems remote.) Travel costs would grow as the time

~~Factor~~ factor is eased and the presence of a good administrative assistant in the office makes it possible for the research director to go further afield.

For the archival and interview phases we have estimated a budget of \$34,000 a year, broken down for each year as follows;

Salary of research director	\$10,000 (to be raised to \$12,000)
" " administrative assistant	7,500
" " research secretary	6,000
" " typist	3,500
Expense and travel	<u>7,000</u>

\$34,000 per year

Assuming that this budget will continue during the project's five years of life, and that it is made sufficiently flexible so that the research director can have leeway with the funds provided to care for changing needs as the project progresses, this calls for a total of \$170,000 to be spent for archival and interview purposes.

The costs of writing such a history as we contemplate are variously estimated. The best guess, based on Brookings experience the costs of with similar work in other fields, is that a two-volume history of the highest type will cost in the neighborhood of \$120,000. To this we would add \$10,000 for assistance to the writers of monographs. This means only \$2,000 a year for this smaller purpose, which limits the possible aid to ~~\$2,000~~ little more than stenographic assistance, but we are confident that in certain instances even this will

mean the difference between frustration of a scholar and the production of a valuable work. <sup>\$2,000</sup>

This comes to ~~\$300,000~~, a total which is proposed for this project to be spent over the course of four years. We respectfully request that the Rockefeller Foundation grant this sum to the Brookings Institution on the understanding that it will be expended for the purposes outlined in this proposal and under the direct supervision of this Committee.

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I Introduction

II Report

III Proposal

} forms as suggested



Memorandum  
April 9/54  
to Woodward & Lothrop

### Proposal

Experience in the pilot project, and consultation with those engaged in other attempts to chart and record the course of living institutions, have taught us that the task of writing a comprehensive history of the Federal Reserve System which is the core of our endeavor divides itself into three steps; these for convenience may be called the archival process, the interview process and the process of history writing. Logically, these three appear to be separate, just as in the pilot project the process of discovery of papers, gathering of memories and building of card files appeared to be separate. Actually, each process in the pilot project fed and profited from each other. The success of that project was in no small part due to what seemed at times a handicap - namely, that all three processes were necessarily going on at once.

Were it advisable, in view of that experience, to try to carry on the archival, the interview and the history-writing processes of the main project one at a time, in series, we might propose that the grand design move forward in two phases. A reading of the report on the pilot project shows how much has been started, and how much remains to be done. For example, the research director hoped to visit all twelve Reserve Banks during the pilot phase, but the volume and variety of work under way forced postponement; most of those Banks distant from the Atlantic seaboard remain to be explored. The mapping and survey stage uncovered not only papers and memories. It also set the pattern for the study of those papers and those memoirs. A great deal more must be done along these lines before the master files of papers and other materials are ready for the student's use.

Not only must the master files be completed, but the papers which have been uncovered during the pilot project, and the collections still to be found, must be analyzed for pertinent material. The Hamlin diaries, recently released from a ten-year seal, stand alone in terms of the care for preparation and indexing lavished on them, but even the Hamlin diaries are untouched ground for the student. Someone must read those 26 volumes and evaluate them for the purposes of any comprehensive history of the System.

The work to be done on other collections is still more elementary. The National Records Management group stands ready to start a pilot study of a similar group of papers in order to chart costs and work out efficient methods of handling. Young Parker Willis would take time from his work at the Federal Reserve Bank in Boston to survey his father's papers if this were arranged. The Goldenweiser papers, the Adolph Miller papers are destined for this Committee's use. These and many more must be classified and set in order.

But even while setting down these small examples of the large amount of work which remains to be done in the first two processes we realize how inextricably linked with them is the third process. During the pilot phase we became aware of writings under way and needing encouragement which would be valuable for our purposes and which would be finished the sooner if they could profit from the work we were doing. Research into the past is not well done in a vacuum or without the added spur of a person who wants to use its results. The historian who can work with researchers, using their data, stimulating and broadening their search by his questions, has a richer content to draw from than the one who starts after the research process is finished and filed away.

Under these circumstances we ask that the Rockefeller Foundation grant us the sum of \$300,000, to be available for spending over the course of five years. With such funds we would expect to accomplish the following ends:

1. Archival -

(a) to complete the various master card files of biographic and bibliographic material started under the pilot project.

(b) to make available to qualified students such part of this research material as is pertinent to their inquiry.

(c) to work out problems of handling pertinent collections of papers and putting them in usable shape for students. This may include financial aid in specific instances. For example, the Carter Glass papers are at the University of Virginia. (see report). Professor Elbert Kincaid of that university, due to retire from teaching in June, would like to classify and study them if funds could be provided.

2. Interview -

(a) to continue the interview process which has yielded such good results under the pilot project, and to enter on a series of further interviews with chosen individuals in the older group who have already shown themselves to have good memories and an interest in contributing all they can to this project. Such men as Roy Young and Walter Wyatt of the Board, George Harrison, J. Herbert Case and Leslie Rounds of the New York Bank, John Sinclair and Casimir Sienkiewicz of Philadelphia, are of this type, and there are many more. Just as the Harvard Business Studies group finds a tape recorder valuable for catching

the living word in key interviews, so we might profitably experiment with this technique in selected instances.

3. History-writing, which is the core of this project, falls into two groups, the comprehensive history itself, and certain peripheral works which bear on it, contribute to it, and are already planned or under way.

(a) The writing of the history itself is the major commitment toward which all this work leads and for which funds are being asked. The author must be a man who combines proven scholarly ability with wide experience in the monetary field. His name should carry authority in both the academic and the practical world. We are assured of the interest of a candidate who meets the most stringent requirements, himself the author of books which are classics in the field. This potential author is at the moment occupying a post of high rank in the Government, and any specific discussion of his future availability runs the risk of raising rumors which should not be started. We trust that the Foundation will accept our word that the qualifications and experience, both in monetary affairs and in the very different disciplines of the student and the writer, are such that we can recommend him without qualification.

(b) The <sup>basic monographs</sup> ~~peripheral~~ works are mostly of the monograph type. We cite the following as examples: Carl Parry, now retired from the Board staff, should be encouraged to complete his half-done monograph on Selective Credit Controls, a subject in which he has had active as well as theoretical interest. Gardner Patterson of the International Finance Section at Princeton University would like aid to write a study of Reserve international financial operations in the 1920s; Lester Chandler, also of Princeton, would like aid to write a long monograph or a short book on "Ben Strong, Central Banker"; two able men, Dr. Karl Bopp of the

Philadelphia Federal Reserve Bank and Professor Edward Shaw of Stanford University are interested in a study which might be called "The Art and Politics of Central Banking." It goes without saying that no commitments have been made in regard to such work. These examples are, however, listed as showing the caliber of work which this Committee would like to encourage, and for which it would use funds. We have every reason to hope that the work done by this Committee, the contacts established during the pilot phase, and the stimulus which the existence of this project provides will result in several other important works.

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Experience in the pilot project has persuaded us that the best way to handle the comprehensive design is through a small administrative staff, over which this Committee, which in one form or another would continue in being, will have supervision. The Committee's association with Brookings, which has been both pleasant and helpful, will continue, though perhaps with modifications made necessary by the larger size of the project and the new problems raised by entry into the writing phase.

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The use of material is a problem which becomes acute when it is proposed to move from the archival and interview steps to that of history writing. In the operations of the Board and the Banks certain information is made public. Reports, news letters, legislation, published hearings and so on come in this first category. Other types of information are held confidential, some for a period of years, some under an indefinite

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Two ways of handling the problem have been proposed, one that it be taken back to the Board in the hope of another ruling when and if the question becomes acute, the other that perhaps it is unfair to ask men now active in the Reserve System to stay on the Committee and thus lend their tacit approval to explorations which in their official roles they might feel unable to encourage. The Committee would hate to lose them as members, but neither does any one want them to be subjected to unnecessary dilemmas. A third solution might be to postpone action on the problem in view of the fact that the work thus far proposed is mostly concerned with matters prior to 1935 and that therefore the difficulties are all in the future. When they arise they can be dealt with individually.

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As noted on train  
and submitted to Committee  
in Washington 4/7/54

DRAFT PROPOSAL

Writing in 1946 about twentieth century monetary controls, Professor Robert Warren of Princeton University observed that in the nineteenth century there developed a new type of society, the money economy, which made new demands on those who administer Government control over the factor of money. "High and low, rich and poor, bond and free there had always been, but never before had there been an economy that expected the majority of its people to be totally independent upon the continuity of a stream of money income."<sup>1/</sup>

Continuity is, for this proposal, the governing word, and the one that catches at the student. In this new continuity of money income the panic of 1907 represented the climax of a series of interruptions which had repeatedly upset the United States. This was not the sharpest crisis that the country had known, nor the worst. It was the one beyond which Americans refused to go without making a determined effort to control what seemed to be the monetary causes and effects of a panic. The creation of the Federal Reserve System was the remedy suggested, approved, and written into the law.

Since December 1913, when the first Federal Reserve Act was signed, the American economy has expanded in size <sup>by</sup> about nine <sup>times.</sup> ~~times.~~ The principal generative factors in that economy, agriculture and industry, have changed places and the resultant effects on American society stand clear on every street corner. The American citizen is in general aware of these changes. He knows a certain amount about industry, how it functions, how strong it is, what part it plays in giving the United States

<sup>1/</sup> Economic Research and the Development of Economic Science and Public Policy, National Bureau of Economic Research. 1946. p. 90

its present place in the world. He regards himself as living in an industrial economy. He seldom tries to understand the role of money except for the part it plays in his own personal life.

When the Committee to Study the History of the Federal Reserve System first proposed to the Rockefeller Foundation a pilot project, its objective was preparatory work leading to a comprehensive study of the System. "Papers which form the source material should be located, classified and roughly analyzed" said the proposal. "Important characters in the drama should be sorted out, their co-operation asked and their interest enlisted. The dimensions and proportions of this 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'."

Toward the end thus described, the Foundation generously granted \$10,000 to the Brookings Institution and work started January 15, to end May 1. Four weeks of that period remain, but enough has been done so that we can report on the result of the mapping and survey of papers and people.

This has been in the best sense of the word a pilot project. The exploratory process, superficial though it had to be, and incomplete, has yielded a gratifying harvest. More collections of papers have been located and surveyed than we thought possible.

The characters in the drama are more numerous and possessed of better memories than we dared to hope. Even from the earliest years a few hardy operating men survive in each bank. To some of these men, work in the Federal Reserve System has been a lifetime occupation. Their memories will, of course, be checked with the records, but the sense of struggle and accomplishment which talks with them convey would be a valuable factor in any history of any institution. Their interest has been enlisted and their co-operation is generous. As a method of recording people, papers and events pertinent to this inquiry we have started four types of card files, one a Who's Who file

of persons; one a time file which co-ordinates persons, pertinent events, legislation; one a bibliographic file of published and unpublished material; one a subject file. These master files are arranged so that they could be photostated for the benefit of students working on a later phase of the project. They are by no means completed, but their pattern is set.

### Papers

When we set forth the terms of the pilot project we said that "the papers which would be needed as source material in writing an adequate history are scattered among Government, banking and private files. It is not even known what exists, nor where some of what exists could be found." To remedy this situation has been a first endeavor. We have not yet located everything we set out to find, but we can now answer the question "Where"? in some detail. More remains to be done, but at least we have made a fruitful start.

Thanks to the co-operation of librarians at the Library of Congress, in the Board and in the banks, we have made progress in the search for pertinent bibliographies of basic material which is printed, and in the more difficult hunt for related material which is not printed. We know, for example, that material covering the Liberty Loans of World War I was sent from the Treasury to the National Archives, and that the records of the Capital Issues Committee are deposited in the same place. We have a listing of the indispensable material which must underlie any study of the Board's work--the legislation, the hearings, the minutes, the policy decisions, the reports and so on--and we have a similar list for the New York Bank.

Of the other District Banks, the research director has visited Boston and Philadelphia, and hopes to get to several of the other nine before this pilot phase is finished. Meanwhile, we have been in correspondence with all of them, and are receiving information as to their own stores of local historical material. We have in preparation a master list of basic material which we hope to send for

their checking. If this device works, it will furnish the data for a bibliography of basic historical material for the entire System which will be of primary use in the studies in prospect.

As for the papers of individuals concerned with the System's history, we have located enough collections so that we are now facing problems of handling, indexing and permanent deposit. This search is by no means complete, but it has already uncovered riches which will be of great use to scholars if they can be made available and usable. The size of the collections makes it necessary to postpone classification to a later date, but we have found an organization which might handle such papers, and at our suggestion they propose to start a sample study to determine time and costs of the necessary process. Problems of a place of deposit, and of permission to use, still remain but the fact that these have arisen and must be left for a second phase is, in an oblique way, an earnest of the accomplishments of this operation.

The following list of papers uncovered during this pilot phase includes those of Board members, high officials of the executive branch, Members of Congress, Governors of Reserve Banks, men in academic life whose writings have been influential in the development of the System:

The papers of Woodrow Wilson, in whose administration the Federal Reserve System was first organized, are in the Library of Congress. Permission to consult them has been granted to this Committee.

The papers of William G. McAdoo, first Secretary of the Treasury to sit on the Board, are in the Library of Congress. Permission to consult them has been granted to this Committee.

The papers of Senator Carter Glass are in the University of Virginia in 216 boxes (perhaps 10 x 15 x 3 inches in size). They have been rough-sorted as to date; letters from outstanding personalities were isolated by an early biographer. A quick sampling shows that classifying and indexing will be needed before these papers, so important in the early history of the Federal Reserve System, would be generally useful to students. (See main project proposal.)

Of the first Board of Governors, we have found the following papers:

The papers of Charles Hamlin, first Governor of the Federal Reserve System, are in the Library of Congress. These consist of 245 volumes of which 28

are bound volumes of manuscript diaries covering the twenty-one years during which Mr. Hamlin was a member of the Board, and almost as many are bound volumes of newspaper clippings covering the years 1871 to 1938. Both sets of volumes have been amply indexed and cross-indexed by Mr. Hamlin. The whole collection constitutes a mine of information and comment which has neither been studied nor evaluated. (See main project proposals.)

The papers of H. Parker Willis, member of the Organization Committee and the Board's first Secretary, are in the home of his widow on Staten Island. They were willed to his son, Parker Willis, now in the Federal Reserve Bank of Boston. How much of value remains in them which was not used by Mr. Willis in his own books is a question which can only be answered by sorting and classifying. (See main project proposals.)

The papers of Paul M. Warburg were mostly destroyed after 1930 when he wrote his own two volumes on the Federal Reserve System. The residue includes a skeleton diary covering the years 1907 to 1914 inclusive and dealing mostly with events leading up to his taking of the oath of office as a first Board member; there is also a diary dated 1915 and covering "daily happenings bearing on the work and policy of the Board" from October 4 to 24, 1915. There are in all five volumes of miscellaneous material dating 1912 to 1918, some of it highly interesting. This material is in the hands of Mr. James Warburg at North Greenwich, Connecticut, and permission for its use must be sought from him. The collection is not so extensive as to need further work for its use.

The papers of James Warburg, covering a later period, are in the same building. These include a six-volume diary covering the months of 1933-34 which covered the banking holiday and the London Economic Conference to which Mr. Warburg was a delegate.

The papers of John Skelton Williams are in the hands of his widow, now Mrs. William Allen Willingham of Richmond, Virginia.

The papers of Dr. Adolph Miller were thought to be embodied in the files of the Federal Reserve Board, but a small collection has recently been found in the home of his widow, and negotiations are now under way to have them available to this Committee for sorting and evaluating.

The papers of Benjamin Strong, first Governor of the Federal Reserve Bank of New York and in that post until his death in 1928, are divided among the Bank, the Firestone Library at Princeton University, and a New York storage warehouse. The Bank's collection occupies six file drawers and consists of addresses, memos and correspondence with leading personalities in the United States and Europe. In addition that portion of the filing system which was set up during his lifetime is permeated with Strong material incorporated in the subject files. Permission for study of this material must, of course, be sought from the Bank.

The Princeton material which forms the nucleus of what is there called the Strong Collection includes 196 volumes of newspaper clippings of World War I from July 27, 1914 to March 20, 1920, well-mounted and preserved. War posters, war currency, and a folder of correspondence between Strong and Kemmerer are also there. The material in the Lincoln Warehouse, under the control of Mr. Benjamin Strong, is believed to consist mostly of personal papers and correspondence; it should be made available to a qualified biographer.

The papers of George Harrison, second Governor of the Federal Reserve Bank of New York, are also incorporated in the files of the New York Bank. In addition, there are seven file drawers of reports, memoranda and correspondence which Mr. Harrison took with him when he left the Bank to become President of the New York Life Insurance Company. These, like the Strong Collection, have the great merit of presenting material culled from the mass of daily work; they are therefore easily handled as well as very valuable to the student. This Committee has permission to consult them.

The papers of Charles Dawes, of the Dawes Plan, are in the Deering Library at Northwestern University. They include diaries, journals, scrapbooks and memoranda, rough-sorted and put in chronological order; these include material relating to the currency question from 1900 to 1902, and to the Aldrich-Vreeland Act of 1908, as well as later material on the German debt question.

In addition to the papers of Woodrow Wilson, the Library of Congress also has the papers of Calvin Coolidge, Charles Evans Hughes, Newton D. Baker who was Wilson's biographer, Senator George Norris, all of whom dealt in their various ways with Federal Reserve matters. Permission to consult these has been granted this Committee.

The papers of Dr. Edwin Kemmerer are mostly in the Firestone Library at Princeton University. Some memoranda are believed to be in the hands of Mrs. Kemmerer.

The papers of Ogden Mills, Secretary of the Treasury and Chairman of the Federal Reserve Board in 1933, are in twenty-five boxes in a garage on Long Island. A small attempt at sorting was made by Mrs. Mills, who got through some five boxes and then decided the job called for expert advice; otherwise they are intact, and just as they came from the Treasury. Word has just come that after having consulted with this Committee as to the disposition of the papers Mrs. Mills has decided to turn the boxes over to the Library of Congress. These papers must be sorted, classified and indexed before they are useful for students.

The papers of Eugene Meyer are still in Mr. Meyer's hands. A biographer, Sidney Hyman, is at work on them.

The papers of Norman H. Davis were given to the Council on Foreign Relations, which recently sent them to the Library of Congress as a final place of deposit. They include some five file drawers and a huge box of unsorted material. The Library of Congress has promised to have it ready for students in two years.

The papers of Dwight Morrow, who played an important part in the international negotiations of the 1920's, are being prepared for deposit in the library of Amherst College, where they are expected to be available for use after June, 1954.

A small collection of the papers of Leon Fraser has been handed to this Committee, but little of value has been found in them.

The papers of Oliver W. M. Sprague, at various times consultant to the Treasury and to the Board, are in the hands of his son in the Sprague



residence. Stimulated by inquiries from this Committee, Mr. Sprague is now sorting and classifying the material his father left.

The papers of Walter Lichtenstein, for two decades (1926-1943) secretary of the Federal Advisory Council, Federal Reserve System, have been given to Harvard University, where they are divided between the Baker and the Widener Libraries.

The papers of Emanuel Goldenweiser, research officer of the Board from 1922 to 1945 and author of various studies, are at present in a storage warehouse in Princeton, New Jersey. Conversations with Mrs. Goldenweiser indicate that they may be made available for study this summer. (See main project proposals.)

Obviously this list of 26 pertinent collections which we have located is by no means exhaustive. It does, however, show what riches can be uncovered by persistent search. All this, and much more, must be studied by anyone now aiming to review the System's work and its place in the American economy.

Meanwhile, men still active in the System are known to have been accumulating papers which, if they can be preserved, will add greatly to the desirable material. The student of Federal Reserve banking may with reason long for the time when the speeches, correspondence and memoranda of modern leaders in Federal Reserve theory and practise are made available. It is to be hoped that this Committee may be active in persuading these men to leave their papers to a responsible depository where future students may consult them.

### Persons

The other chief object of inquiry in the pilot project was persons; "The men who have acted as architects and builders of the present Federal Reserve System are already beginning to disappear", we said in our first presentation. "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."

The process of interviewing has been throughout this pilot study one of the major occupations of the research director. Starting from a list

on which Committee members indicated their own first choices, the interview process has widened to include some sixty-odd persons, most of them officers or staff members of the Board or banks.

In general these interviews served a purpose somewhat different from that which was contemplated when they were started. In the first place, they struck sparks of interest and good will which are very valuable for the success of this project. Benefits continue to flow from them, and further opportunities to interview the same individuals at later dates have been promised.

These meetings were of great help in establishing the human atmosphere of whatever period was under discussion. In some instances they also brought forth valuable memories of key moments, and information which was unique in itself. But it quickly became clear that in order to evoke the most vital detail in any disputed area it would be necessary to ask the carefully pointed question. This can be done well only in later interviews, with full confidence established and much more study accomplished than has been possible in three months' time.

The interview technique has proved full of surprises. Far from being less valuable than was anticipated it has been more so, but the values have been of a different order. The most important of the memories, which is to say those that lie at the deeper layers, are still to be gathered. But certain inquiries have been set in motion which will yield results after this report has been written. The continuing interest which has been secured will accrue to the benefit of the main phase of the proposal.

#### Card Files

As visible evidence of work done during this pilot project and as preparation for the larger project, we undertook to build "a biographic index of personalities", a "bibliography of basic materials" and a "map of some papers".

We now have in hand the early stages of what will be master card files, prepared in such fashion that they could be photostated and made available to students working on various phases of the main project. These include:

A bibliographic file of unpublished material, put together in a form suggested by the Manuscript Division of the Library of Congress, where collections are described roughly on cards, and more exactly on larger "registers" of the material in the collection.

A bibliography of printed materials basic to any study of the Federal Reserve System.

A bibliography of the works of the earlier Board members, Senior Bank Officers and Directors.

A biographic file of persons active in the System, with data as to their careers both in and out of the Federal Reserve.

A chronological file keying together persons, legislation, hearings, policy changes and events affecting the operation of the System.

A list of scholars whose records indicate the type of interest in the subject which suggests that they might be enlisted in the main project.

(All this work has been done under the Research Director, Mildred Adams, in three offices, one assigned in Washington by the Federal Reserve Board, one provided by the Federal Reserve Bank of New York where a small staff was assigned to this work by the Bank from its own personnel, one in the Brookings Institution. The latter organization has been kind with expert advice, as well as with the technical assistance needed for administering the fund.)

### Conclusions

All this work has been pointed toward the larger design which constitutes the reason for the pilot project and the grant making it possible. The size and importance of that larger design has loomed larger and more complex with every day's work.

We said in January that any attempt to draw the limits of the comprehensive design would have to be revised six months from then. At this writing half that time has gone; the design still changes every time a new corner is rounded and a new set of ideas uncovered. There are as many ways to formulate the comprehensive design as there are people equipped to think about it. This Committee has developed within itself a lively and stimulating set of opinions on the subject, all different and all valuable.

Under these circumstances the main project proposal as herein submitted represents a consensus of the ideas of six men learned in the theory of central banking and experienced in the practices of the System. The members of this Committee see the System from many different angles. The proposal as submitted represents those aspects of the grand design on which the Committee is agreed.

#### Proposal

The core of this proposal still remains the writing of a definitive history of the Federal Reserve System. Toward that end we propose

four other activities, all of them preparatory to and feeding the central object of endeavor:

- (1) to continue and complete the work of exploration and recording which was started during the pilot project;
- (2) to make the Committee's research material and facilities available for students, and to provide encouragement and aid where needed in the form of secretarial assistance or of small subventions;
- (3) to encourage the writing of monographs, articles and books on various phases of the subject, and to aid contact between writers and publishers where such aid seems desired and desirable; and
- (4) to edit and publish certain documents which are basic to any understanding of the Federal Reserve System.

Those preliminary activities are implicit in the work already started during the pilot project, but a few words of explanation may serve to set them into focus in the comprehensive design.

A reading of the report on the pilot project shows how much has been started, and how little finished. For example, the research director hoped to visit all twelve district Reserve Banks during the pilot phase, but most of those distant from the Atlantic seaboard remain to be explored. This mapping and survey stage uncovered not only papers and memories. It also set the pattern for the study of those papers and those memoirs. A great deal more must be done along these lines before the master files of papers and other materials are ready for use.

Not only must the master files be completed, but the papers which have been uncovered during the pilot project, and the collections still to be found, must be analyzed for pertinent material. The Hamlin diaries stand alone in terms of the care for preparation and indexing lavished on them, but even the Hamlin diaries are untouched ground for the student. Some one must read those 26 volumes and evaluate them.

The work to be done on other collections is still more elementary. For example, Professor Elbert Kincaid of the University of Virginia would like to classify and study the Carter Glass papers. The National Records Management group stands ready to start a pilot study of a similar group of papers in order to chart costs and work out efficient methods of handling. Young Parker Willis would take time from his work at the Federal Reserve Bank in Boston to survey his father's papers if this were arranged. The Goldenweiser papers, the Adolph Miller papers are destined for this Committee's use. These and many more must be classified and set in order.

Thus (1) leads into (2) which in turn leads to (3). We have already mentioned the fact that the master files started under the pilot project were prepared in such fashion that they can be photostated for use by students when desired. We have already begun to find work under way, and work planned, which will move the faster for encouragement and aid. Carl Parry, formerly on the staff of the Federal Reserve Board, might well be encouraged to complete his half-done monograph on Selective Credit Controls (a subject with which he has had active as well as theoretical experience) and Gardner Patterson of the International Finance Section at Princeton University would like aid to write a study of international financial operations in the 1920's.

We have every reason to hope that the work done by this Committee, the contacts established during the pilot phase, and the stimulus which the existence of this project provides will result in other works of a peripheral and important nature. We would like to see an analysis of the techniques of decision-making which have been developed by the Board; an account of the relations as they have developed between Board and Banks; a book on the Art and Politics of Central Banking; another on

the part played by personalities and political circumstances. These can better be encouraged than commissioned. They are books whose success depends more on the enthusiasm, initiative and skill of the writer than on interested pressure.

Part 4, the editing and publishing of documents basic to any adequate study of the System and its functioning, is a proposal for which a useful pattern exists in British banking experience. Gregory's Select Statutes, Documents and Reports Relating to British Banking, 1832-1938 is a classic in its field, and a book which no student of the subject neglects. A qualified editor would have to be found for such an undertaking, but the usefulness of such a book is so great that its publication could probably be secured through professional publishing channels. The necessary research work will be rendered far easier by the master files started under the pilot project and to be completed under part 1 of this proposal.

As for the history itself, at once core and object of all this endeavor, we believe that its writing will take a good three years on the part of a distinguished scholar who has already shown the kind of knowledge, skill and judgment which the writing of such a history demands. ~~We find that Dr. Lester Chandler of Princeton University or Dr. Karl Bopp of the Federal Reserve Bank of Philadelphia who has made valuable contributions in the field of central banking might possibly be available for this work.~~

However, at this juncture we believe that the actual choice of a scholar to whom the history is to be entrusted should be delayed for at least six months. His work should not start until the task of exploration and recording of materials has been carried further. Any decision to employ this scholar or that should be made only after the field has been more thoroughly canvassed.

### Operation

Experience in the pilot project has persuaded us that the best way to handle the comprehensive design is through a small administrative staff, over which this Committee, to continue in being, will have supervision. We would hope that the association with Brookings which has proven so pleasant and helpful could continue, with whatever modifications the larger size of the project made advisable. This would mean that the grant, if allowed, would be made to Brookings.

The pilot project has been carried on by the research director, a research assistant whose time has been shared with Dr. John Williams, and two young typists who have been helping to build card files. Until those files are completed (a matter of another six months) the same number of individuals will be needed, with some change in function. The research director must have an assistant able to give full time and capable of taking more administrative details than could be delegated under the part-time arrangement prevailing during the pilot project.

Offices were assigned for the pilot project in the Federal Reserve Board in Washington, the Brookings Institution, the Federal Reserve Bank of New York. Work was mostly centered in the last named because staff was provided there and the research director is resident in New York. It would be most useful if in addition a secretary with some research experience could be made available to the research director in Washington.

### Budget

The pilot project has been operating on a budget of \$10,000 for four months, which comes to \$30,000 per year. If, as we assume, the Committee can continue to count on having no rent to pay the expenses of the main project will be divided among salaries, traveling expense, and small subventions. We propose the following figures as a base:



Salaries of Research Director	\$10,000
Administrative Assistant	7,500
Research Secretary	6,000
Typist	3,500
Expense and Travel	5,000
Encouragement and subventions	<u>10,000</u>
Total per year	\$42,000
	<u>4 years</u>
	<u>\$168,000</u>

We estimate that the history itself will cost \$120,000, to be spent over the course of three years.

For item 4, the editing and publishing of basic documents, we would allow \$25,000 on the ground that most of the research for such a volume would be done in the course of the project.

This comes to \$313,000, a total which is proposed for this project to be spent over the course of four years. We respectfully request that the Rockefeller Foundation grant this sum to the Brookings Institution on the understanding that it will be expended for the purposes outlined in this proposal and under the direct supervision of this Committee.

6, 1954

DRAFT PROPOSAL

Writing in 1946 about twentieth century monetary controls, Professor Robert Warren of Princeton University observed that in the nineteenth century there developed a new type of society, the money economy, which made new demands on those who administer Government control over the factor of money. "High and low, rich and poor, bond and free there had always been, but never before had there been an economy that expected the majority of its people to be totally independent upon the continuity of a stream of money income."<sup>1/</sup>

Continuity is, for this proposal, the governing word, and the one that catches at the student. The panic of 1907 represented <sup>In that</sup> continuity of money income <sup>the</sup> climax of a series of <sup>interruptions</sup> ~~breaks~~ which had repeatedly upset the United States. <sup>This</sup> ~~It~~ was not the sharpest crisis that the country had known, nor the worst. It was the one beyond which Americans refused to go without making a determined effort to control what seemed to be the monetary causes and effects of a panic. The creation of the Federal Reserve System was the remedy suggested, approved, and written into the law.

Since December 1913, when the first Federal Reserve Act was signed, the American economy has expanded in size about nine diameters. The principal generative factors in that economy, agriculture and industry, have changed places and the resultant effect on American society stand clear on every street corner. The American citizen is in general aware of these changes. He knows a certain amount about industry, how it functions, how strong it is, what part it plays in giving the United States its present place in the world. He regards himself as living in an industrial economy. He  <sup>seldom tries</sup>  ~~does not try~~ to understand the role of money except for the part it plays in his own personal life.

The highly important element which oils the wheels of industry and keeps it going has remained an enigma, its  <sup>functions and operation</sup>  ~~methods~~ of interest only to a few specialists.

<sup>1/</sup> Economic Research and the Development of Economic Science and Public Policy, National Bureau of Economic Research. 1946. p. 90

The continuity of money income, that abstract economic concept which in practice makes it possible for Americans to work steadily, eat well, and live warm, is a phenomenon which most people take for granted and very few explore. The Federal Reserve banking system, whose functions are essential to the efficient flow of that money income, operates outside the usual paths of American thought or American understanding. For one thing it is complex, for another it suffers from the gray pall of imagined dullness <sup>which</sup> ~~that~~ hangs over most economic affairs; further, it has been shrouded in that secrecy which banking, to a greater degree than any other American business, has thought proper to its operations. ~~The~~ <sup>The</sup> System has been built and rebuilt during the last four decades, but just what effect the building and rebuilding <sup>on the System or the economy</sup> have had is nowhere adequately recorded. Bits and pieces ~~of it~~ have been studied by specialists, but the whole has yet to be sufficiently explored or recorded.

There is a very real peril in this <sup>absence of adequate analysis</sup> ~~lack of public understanding~~. The Federal Reserve System, like the Constitution, the powers of the President or any other factor in the national Government, is <sup>when all is said and done,</sup> ~~in the last analysis~~ the creature of the electorate. Recent events have shown all too clearly that even the most cherished and accepted of Governmental <sup>entities</sup> ~~elements~~ is not safe from the attack of those who think they can profit from such activity. Institutions withstand attack most successfully when they are firmly ~~imbedded~~ <sup>imbedded</sup> in the public mind as ~~something~~ <sup>s</sup> to be kept at all costs.

The Committee has from the beginning held firmly to the belief that one of the most important factors in the strength of the System is the fact that, like every other structure in Government, its ultimate power lies in its acceptance by the American people. Because the American people, in the last analysis, created it and can undo it, its continuing vitality depends on as much understanding of its value as can be achieved by laymen. The institution is complicated, but it must not therefore be allowed to seem so far above the heads of its ultimate masters as to arouse their distrust and animosity. Where there is no vision, it is not only the people

who perish; so also do the objects of that lost vision. The national banking system will live and flourish only while the people trust in its ways, and there are numerous examples in modern life to prove that they do not long trust blindly.

It was in recognition of this situation that a committee was constituted late in 1953 "to study the history of the Federal Reserve System", and a pilot project to search out materials for such a study was proposed to the Rockefeller Foundation. The Committee <sup>observed</sup> ~~said~~ at that time that "the papers which would be needed as source material in writing an adequate history are scattered among 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 beginning to disappear. Carter Glass and Governor Strong, for example, are dead. Others are reaching retirement. Those living, whose memoirs 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".

The Committee proposed a six months' exploratory project, for the purpose of surveying and mapping the field, as a prelude to recommending the much more comprehensive study which is so needed. The Rockefeller Foundation generously granted \$10,000, but ~~found it advisable~~ to cut the exploratory period almost in half. The work done under that grant is described in an appended report. It is on the basis of that work, and as the result of discoveries made possible by the pilot project grant, that the Committee now appears before you with a request for funds for the comprehensive study.

In our first request we described as the end project toward which the pilot phase was directed a definitive "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 potential interest, and perhaps a popular history or two designed for wide public

reading". We knew then, and we now repeat, that such a comprehensive design will be a considerable undertaking, to be carried on over time by experienced specialists in the field.

~~Meanwhile,~~ <sup>research</sup> the ~~explorations~~ we have carried on <sup>has</sup> ~~have~~ modified and clarified our aims. We know that three months of exploration has barely scratched the surface of a field much richer in materials and more complex in structure than we anticipated. We are more than ever convinced that a study of the type here to be proposed will yield far more understanding of the <sup>country's monetary</sup> ~~past~~ and comprehension of the future than was thought possible when we started.

Proposal

The core of this <sup>proposal</sup> ~~study~~ still remains, the writing of a definitive history of the Federal Reserve System. Toward that end we propose ~~to undertake~~ four other activities, all of them preparatory to and feeding the central object of endeavor:

- (1) to continue and complete the work of exploration and recording which was started during the pilot project;
- (2) to make the Committee's research material and facilities available for students, and to provide encouragement and aid where needed in the form of secretarial assistance or of small subventions;
- (3) to encourage the writing of monographs, articles and books on various phases of the subject, and to aid contact between writers and publishers where such aid seems desired and desirable; and
- (4) to edit and publish certain documents which are basic to any understanding of the Federal Reserve System.

Those preliminary activities are implicit in the work already started during the pilot project, but a few words of explanation may serve to set them into focus in the comprehensive design.

A reading of the report on the pilot project shows how much has been started, and how little finished. This mapping and survey stage uncovered not only papers and memories. It also set the pattern for the study of those papers and those memoirs. A great deal more must be done along these lines before the master files of papers and other materials are ready for use.

Not only must the master files be completed, but the papers which have

<sup>for Memphis</sup>  
~~At the Board's direction, I need to visit all thirteen district Reserve banks during the pilot project, but most of those distant from the Atlantic seaboard remain to be approved.~~

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http://fraser.stlouisfed.org/  
Federal Reserve Bank of St. Louis

been uncovered during the pilot project, and the collections still to be found, must be analyzed for pertinent material. The Hamlin diaries stand alone <sup>in the</sup> ~~in the~~ care for preparation and indexing ~~that has been~~ lavished on them, but even the Hamlin diaries are untouched ground for the student. Some one must read those 26 volumes and evaluate them.

The work to be done on other collections is still more elementary. For example, Professor Elbert Kincaid of the University of Virginia would like to classify and study the Carter Glass papers. The National Records Management group stands ready to start a pilot study of a similar group of papers in order to chart costs and work out efficient methods of handling. Young Parker Willis would take time from his work at the Federal Reserve Bank in Boston to survey his father's papers if this were arranged. The Goldenweiser papers, the Adolph Miller papers are destined for this Committee's use. <sup>These and many more</sup> ~~They~~ must be classified and set in order.

Th<sup>is</sup> (1) leads into (2) which in turn leads to (3). We have already mentioned the fact that the master files started under the pilot project were prepared in such fashion that they can be photostated for use by students when desired. We have already begun to find work underway, and work planned, which will move the faster for encouragement and aid. Carl Parry, formerly on the staff of the Federal Reserve Board, might well be encouraged to complete his half-done monograph on Selective Credit Controls (a subject with which he has had active as well as theoretical experience) and ~~that~~ Gardner Patterson of the International Finance Section at Princeton University would like aid to write a study of international financial operations in the 1920's.

We have every reason to hope that the work done by this Committee, the contacts established during the pilot phase, and the stimulus which the existence of this project provides will result in other works of a peripheral and important nature. We would like to see an analysis of the techniques of decision-making which have been developed by the Board; an account of the relations as they have developed between

Board and Banks; a book on the Art and Politics of Central Banking; another on the part played by personalities and political circumstances. These can better be encouraged than commissioned. They are books whose success depends more on the enthusiasm, initiative and skill of the writer than on interested pressure.

Part 4, the editing and publishing of documents basic to any adequate study of the System and its functioning, is a proposal for which a useful pattern exists in British banking experience. Gregory's Select Statutes, Documents and Reports Relating to British Banking, 1832-1938 is a classic in its field, and a book which no student of the subject neglects. A qualified editor would have to be found for such an undertaking, but the usefulness of such a book is so great that its publication could probably be secured through professional publishing channels. The necessary research work will be rendered far easier by the master files started under the pilot project and to be completed under part 1 of this proposal, ~~with some change in function.~~ The research director must have an assistant able to give full time and capable of taking more administrative details than could be delegated under the part-time arrangement prevailing during the pilot project.

Offices were assigned for the pilot project in the Federal Reserve Board in Washington, the Brookings Institution, the Federal Reserve Bank of New York. Work was centered in the last named because staff was provided there and the research director is resident in New York.

As for the history itself, at once core and object of all this endeavor, we believe that its writing will take a good three years on the part of a distinguished scholar who has already shown the kind of knowledge, skill and judgment which the writing of such a history demands. We find that Dr. Lester Chandler of Princeton University or Dr. Karl Bopp of the Federal Reserve Bank of Philadelphia who has made valuable contributions in the field ~~ee~~ of central banking might possibly be available for this work.

However, at this juncture we believe that the actual choice of a scholar to whom the history is to be entrusted should be delayed for at least six months. His work should not start until the task of exploration and recording of materials has been carried further. Any decision to employ this scholar or that should be made only after the field has been more thoroughly canvassed.

### Operation

Experience in the pilot project has persuaded us that the best way to handle the comprehensive design is through a small administrative staff, over which this Committee, to continue in being, will have supervision. We would hope that the association with Brookings which has proven so pleasant and helpful could continue, with whatever modifications the larger size of the project made advisable. This would mean that the grant, if allowed, would be made to Brookings.

The pilot project has been carried on by the research director, a research assistant whose time has been shared with Dr. John Williams, and two young typists who have been helping to build card files. Until those files are completed (a matter of another six months) the same number of individuals will be needed, with some change in function. The research director must have an assistant able to give full time and capable of taking more administrative details than could be delegated under the part-time arrangement prevailing during the pilot project.

Offices were assigned for the pilot project in the Federal Reserve Board in Washington, the Brookings Institution, the Federal Reserve Bank of New York. Work was mostly centered in the last named because staff was provided there and the research director is resident in New York. It would be most useful if in addition a secretary with some research experience could be made available to the research director in Washington.

### Budget

The pilot project has been operating on a budget of \$10,000 for four months, which comes to \$30,000 per year. If, as we assume, the Committee can continue to count on having no rent to pay the expenses of the main project will be divided ~~between~~ <sup>among</sup>



salaries, traveling expense, and small subventions. We propose the following figures as a base:

Salaries of Research Director	\$10,000	10,000
Administrative Assistant	8,000	7,500
Secretary	7,000	6,000
Typist	5,000	3,500
Expense and Travel	5,000	5,000
Encouragement and subventions	10,000	10,000
	<u>\$45,000</u>	<u>42,000</u>
Total per year	\$45,000	4
	<u>4 years</u>	
	\$180,000	<u>168,000</u>

We estimate that the history itself will cost \$100,000, to be spent over the course of three years.

For item 4, the editing and publishing of basic documents, we would allow \$25,000 on the ground that most of the research for such a volume would be done in the course of the project.

This comes to ~~\$205,000~~ <sup>307,000</sup>, a total which is proposed for this project to be spent over the course of four years. We respectfully request that the Rockefeller grant this sum to the Brookings Institution on the understanding that it will be expended for the purposes outlined in this proposal and under the direct supervision of this Committee.

162,000  
120,000  
25  


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287,000

REPORT ON PILOT PROJECT

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When the Committee to Study the History of the Federal Reserve System first proposed to the Rockefeller Foundation a pilot project, its objective was preparatory work leading to a comprehensive study of the System. "Papers which form the source material should be located, classified and roughly analyzed" said the proposal. "Important characters in the drama should be sorted out, their co-operation asked and their interest enlisted. The dimensions and proportions of this 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?"."

Toward the end thus described, the Foundation generously granted \$10,000 to the Brookings Institution and work started January 15, to end May 1. Four weeks of that period remain, but enough has been done so that we can report on the result of the mapping and survey of papers and people.

This has been in the best sense of the word a pilot project. The exploratory process, superficial though it had to be, and incomplete, has yielded a gratifying harvest. More collections of papers have been located and surveyed than we thought possible.

The characters in the drama are more numerous and possessed of better memories than we dared to hope. Even from the earliest years a few hardy operating men survive in each bank. ~~(The list of persons interviewed is in the appendix.)~~ To some of these men, work in the Federal Reserve System has been a lifetime occupation. Their memories will, of course, be checked with the records, but the sense of struggle and accomplishment which talks with them convey would be a valuable factor in any history of any institution. Their interest has been enlisted and their co-operation is generous. As a method of recording people, papers and events pertinent to this inquiry we have started four types of card files, one a Who's Who file of persons; one a time file which co-ordinates persons, pertinent events, legislation; one a bibliographic <sup>field</sup> file of published and unpublished material; one a

subject file. These master files are arranged so that they could be photostated for the benefit of students working on a later phase of the project. They are by no means completed, but their pattern is set.

### Papers

When we set forth the terms of the pilot project we said that "the papers which would be needed as source material in writing an adequate history are scattered among Government, banking and private files. It is not even known what exists, nor where some of what exists could be found." To remedy this situation has been a first endeavor. We have not yet located everything we set out to find, but we can now answer the question "Where?" in some detail. More remains to be done, but at least we have made a fruitful start.

Thanks to the co-operation of librarians at the Library of Congress, in the Board and in the banks, we have made progress in the search for pertinent bibliographies of basic material which is printed, and in the more difficult hunt for related material which is not printed. We know, for example, that material covering the Liberty Loans of World War I was sent from the Treasury to the National Archives, and that the records of the Capital Issues Committee are deposited in the same place. We have a listing of the indispensable material which must underlie any study of the Board's work--the legislation, the hearings, the minutes, the policy decisions, the reports and so on--and we have a similar list for the New York Bank.

Of the other District Banks, the research director has visited Boston and Philadelphia, and hopes to get to several of the other nine before this pilot phase is finished. Meanwhile, we have been in correspondence with all of them, and are receiving information as to their own stores of local historical material. We have in preparation a master list of basic material which we hope to send for their checking. If this device works, it will furnish the data for a bibliography of basic historical material for the entire System which will be of primary use in the studies in prospect.

As for the papers of individuals concerned with the System's history, we have located enough collections so that we are now facing problems of handling, indexing and permanent deposit. This search is by no means complete, but it has already uncovered riches which will be of great use to scholars if they can be made available and usable. The size of the collections makes it necessary to postpone classification to a later date, but we have found an organization which might handle such papers, and at our suggestion they propose to start a sample study to determine time and costs of the necessary process. Problems of a place of deposit, and of permission to use, still remain but the fact that these have arisen and must be left for a second phase is, in an oblique way, an earnest of the accomplishments of this operation.

The following list of papers <sup>uncovered during this pilot phase</sup> includes those of Board members, high officials of the executive branch, Members of Congress, Governors of Reserve Banks, men in academic life whose writings have been influential in the development of the System:

The papers of Woodrow Wilson, in whose administration the Federal Reserve System was first organized, are in the Library of Congress. Permission to consult them has been granted to this Committee.

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Banking Holiday Group

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by no means exhaustive. It does, however, show what riches can be uncovered by persistent search. All this, and much more, must be studied by anyone now aiming to review the System's work and its place in the American economy.

Meanwhile, men still active in the System are known to have been accumulating papers which, if they can be preserved, will add greatly to the <sup>desirable</sup> ~~available~~ material. The student of Federal Reserve banking may with reason long for the time when the speeches, correspondence and memoranda of modern leaders in Federal Reserve theory and practise are made available. It is to be hoped that this Committee may be active in persuading these men to leave their papers to a responsible depository where future students may consult them.

### Persons

The other chief object of inquiry in the pilot project was persons; "The men who have acted as architects and builders of the present Federal Reserve System are already beginning to disappear", we said in our first presentation. "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."

The process of interviewing has been throughout this pilot study one of the major occupations of the research director. Starting from a list on which Committee members indicated their own first choices, the interview process has widened to include some sixty-odd persons, most of them officers or staff members of the Board or banks.

In general these interviews served a purpose somewhat different from that which was contemplated when they were started. In the first place, they struck sparks of interest and good will which are very valuable for the success of this project. Benefits continue to flow from them, and further opportunities to interview the same individuals at later dates have been promised.

These meetings were of great help in establishing the human atmosphere of

whatever period was under discussion. In some instances they also brought forth valuable memories of key moments, and information which was unique in itself. But it quickly became clear that in order to evoke the most vital detail in any disputed area it would be necessary to ask the carefully pointed question. This can be done well only in later interviews, with full confidence established and much more study accomplished than has been possible in three months' time.

The interview technique has proved full of surprises. Far from being less valuable than was anticipated it has been more so, but the values have been of a different order. The most important of the memories, which is to say those that lie at the deeper layers, are still to be gathered. But certain inquiries have been set in motion which will yield results after this report has been written. The continuing interest which has been secured will accrue to <sup>the benefit of</sup> the main phase of the proposal.

#### Card Files

As visible evidence of work done during this pilot project and as preparation for the larger project, we undertook to build "a biographic index of personalities", a "bibliography of basic materials" and a "map of some papers". We now have in hand the early stages of what will be master card files, prepared in such fashion that they could be photostated and made available to students working on various phases of the main project. These include:

A bibliographic file of unpublished material, put together in a form suggested by the Manuscript Division of the Library of Congress, where collections are described roughly on cards, and more exactly on larger "registers" of the material in the collection.

A bibliography of printed materials basic to any study of the Federal Reserve System.

A bibliography of the works of the earlier Board members, <sup>reserve</sup> Bank <sup>officers</sup> ~~Governors~~ and Directors.

A biographic file of persons active in the System, with data as to their



careers both in and out of the Federal Reserve.

A chronological file keying together persons, legislation, hearings, policy changes and events affecting the operation of the System.

A list of scholars whose records indicate the type of interest in the subject which suggests they they might be enlisted in the main project.

(All this work has been done under the Research Director, Mildred Adams, in three offices, one assigned in Washington by the Federal Reserve Board, one provided by the Federal Reserve Bank of New York where a small staff was assigned to this work by the Bank from its own personnel, one in the Brookings Institution. The latter organization has been kind with expert advice, as well as with the technical assistance needed for administering the fund.)

### Conclusions

All this work has been pointed toward the larger design which constitutes the reason for the pilot project and the grant making it possible. The size and importance of that larger design has loomed larger and more complex with everyday's work.

We said in January that any attempt to draw the limits of the comprehensive design would have to be revised six months from then. At this writing half that time has gone; the design still changes every time a new corner is rounded and a new set of ideas uncovered. There are as many ways to formulate the comprehensive design as there are people equipped to think about it. This Committee has developed within itself a lively and stimulating set of opinions on the subject, all different and all valuable.

Under these circumstances the main project proposal as herein submitted represents a consensus of the ideas of six men learned in the theory of central banking and experienced in the practices of the System. The members of this Committee see the System from many different angles. The proposal as submitted represents those aspects of the grand design on which the Committee is agreed.

REPORT ON PILOT PROJECT

draft 4/6/54

When the Committee to Study the History of the Federal Reserve System first proposed to the Rockefeller Foundation a pilot project, its objective was preparatory work leading to a comprehensive study of the System. "Papers which form the source material should be located, classified and roughly analyzed" said the proposal. Important characters in the drama should be sorted out, their co-operation asked and their interest enlisted. The dimensions and proportions of this 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?".

Toward the end thus described, the Foundation generously granted \$10,000 to the Brookings Institution and work started January 15, to end May 1. Four weeks of that period remain, but enough has been done so that we can report on the result of the mapping and survey of papers and people.

This has been in the best sense of the word a pilot project. The exploratory process, superficial though it had to be, and incomplete, has yielded a gratifying harvest. More collections of papers have been located and surveyed than we thought possible.

The characters in the drama are more numerous and possessed of better memories than we dared to hope. Even from the earliest years a few hardy operating men survive in each bank. (The list of persons interviewed is in the appendix.) To some of these men, work in the Federal Reserve System has been a lifetime occupation. Their memories will, of course, be checked with the records, but the sense of struggle and accomplishment which talks with them convey would be a valuable factor in any history of any institution. Their interest has been enlisted and their co-operation is generous. As a method of recording people, papers and events pertinent to this inquiry we have started four types of card files, one a Who's Who file of persons; one a time file which co-ordinates persons, pertinent events, legislation; one a bibliographic file of published and unpublished material; one a

subject file. These master files are arranged so that they could be photostated for the benefit of students working on a later phase of the project. They are by no means completed, but their pattern is set.

### Papers

When we set forth the terms of the pilot project we said that "the papers which would be needed as source material in writing an adequate history are scattered among Government, banking and private files. It is not even known what exists, nor where some of what exists could be found." To remedy this situation has been a first endeavor. We have not yet located everything we set out to find, but we can now answer the question "Where"? in some detail. More remains to be done, but at least we have made a fruitful start.

Thanks to the co-operation of librarians at the Library of Congress, in the Board and in the banks, we have made progress in the search for pertinent bibliographies of basic material which is printed, and in the more difficult hunt for related material which is not printed. We know, for example, that material covering the Liberty Loans of World War I was sent from the Treasury to the National Archives, and that the records of the Capital Issues Committee are deposited in the same place. We have a listing of the indispensable material which must underlie any study of the Board's work--the legislation, the hearings, the minutes, the policy decisions, the reports and so on--and we have a similar list for the New York Bank.

Of the other District Banks, the research director has visited Boston and Philadelphia, and hopes to get to several of the other nine before this pilot phase is finished. Meanwhile, we have been in correspondence with all of them, and are receiving information as to their own stores of local historical material. We have in preparation a master list of basic material which we hope to send for their checking. If this device works, it will furnish the data for a bibliography of basic historical material for the entire System which will be of primary use in the studies in prospect.

As for the papers of individuals concerned with the System's history, we have located enough collections so that we are now facing problems of handling, indexing and permanent deposit. This search is by no means complete, but it has already uncovered riches which will be of great use to scholars if they can be made available and usable. The size of the collections makes it necessary to postpone classification to a later date, but we have found an organization which might handle such papers, and at our suggestion they propose to start a sample study to determine time and costs of the necessary process. Problems of a place of deposit, and of permission to use, still remain but the fact that these have arisen and must be left for a second phase is, in an oblique way, an earnest of the accomplishments of this operation.

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April 1, 1954

Proposal

That funds be asked to carry on the main project in two phases:

I. Continuation of the preparatory work done under the pilot project, with certain functions added to further and strengthen that preparation. This would include:

1. The hunt for papers, the interview process, the file building, to cover all twelve districts of the System.
2. The sorting, listing and evaluating for Committee purposes of collections found in the course of the pilot project, or in (1) above. This could be done either by the assignment of interested scholars to particular collections, or with the help of such a group as the National Records Management Council (used by the Harvard Business Studies Group) which is eager to set up this type of research service.
  - (a) The Carter Glass papers are at the University of Virginia. Professor Elbert Kincaid, formerly a consultant to the Federal Reserve Bank of Richmond, is eager to sort, classify and study them. He would need a subvention from this Committee, or some other interested group.
  - (b) The papers of Charles Hamlin, first Governor of the Federal Reserve Board, have recently been opened to students. They were cross-indexed by Mr. Hamlin, but an adequate study remains to be made of their contents.
  - (c) Papers left by H. Parker Willis are still in the house of his widow on Staten Island. They should be sorted, set in order and evaluated, either by young Parker Willis to whom they were left or by an independent agency.
  - (d) The papers of Emanuel Goldenweiser are in a Princeton storage warehouse. A small subsidy would make it possible to sort and evaluate this potentially interesting collection.

Other indications of similar work which should be done will be found in the list of collections discovered, on page \_\_\_ of the report on the pilot project.

3. Survey and systematizing the records of historical material in the Board and the Banks, so that their availability may be known and their future comparability assured.
4. Completion of a master file on papers, collections and documents in libraries or other institutions which are pertinent to this study.

II. Writing, editing and publishing

1. Documents

- (a) The compiling and editing of documents basic to an understanding of the System and its functioning—not only legislation

but also speeches, memoranda, policy decisions (The British established a useful pattern in Gregory's Select Statutes, Documents and Reports Relating to British Banking, 1832-1938.)

- (b) The compiling and editing of selected papers of various thinkers on Reserve policy, this to be done so as to illustrate the changing ideas about Board policy, purpose and function. (Mr. Burgess set a pattern for this in his Interpretations of Federal Reserve Policy in the Speeches and Writings of Benjamin Strong. The widening of the picture to take in the thought of many men would be a valuable addition.)

2. Monographs - of value for themselves and as preliminary studies leading to books.

- (a) The encouragement with funds or by other means, of work started, planned or dreamed:

- (1) Carl Parry should be encouraged to complete his half-done monograph on Selective Credit Controls, a subject with which he has had active experience.
- (2) Lester Chandler of Princeton University would like to do a monograph, or perhaps a book, on "Ben Strong, Central Banker". (He would need a grant to free him from teaching for six months.)
- (3) Gardner Patterson of Princeton would like to do a monograph in the field of international operations of the 1920's.

- (b) The planning and encouragement of monographs on such subjects as

- (1) The function of Central Banking in the American economy.
- (2) Relationships between the Board and the Banks.
- (3) Relationship of the Federal Reserve System to other Government agencies with financial functions.
- (4) General Credit Controls.
- (5) The Federal Reserve System as an Instrument of Government, with particular emphasis on its techniques of decision-making.

3. Books dealing with the following subjects:

- Dr. Karl Bopp should do one of these, and would like to if he can get time.
- (1) Definitive history of the Federal Reserve System, with particular emphasis on the evolution of its own conception of its functions, its policy objectives and its methods; including its crises, its relations to other Government agencies.
- Dr. Lester Chandler is very much interested in (1).
- (2) The Art and Politics of Central Banking in the U. S.

- (3) Crises in the banking world--a series of essays covering both domestic and international crises--how they arose, how their occurrence and treatment brought about System modifications in an attempt to guard against their repetition. (Oliver Sprague's History of Crises Under the National Banking System, written for the National Monetary Commission, is a forerunner which needs a modern sequel).
- (4) The Role of Personalities in the System--Biographic essays on personalities and their influence in shaping policy. This type of group biography should make the Federal Reserve System a very human institution. If well done, it could set a new type of institutional history.

Final draft March 23, 1954

SKELETON LIST OF WORKS TO BE PROPOSED

COMMITTEE TO STUDY THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Skeleton List of Works to be Proposed

March 23, 1954

To: Messrs. Allan Sproul, Chairman  
W. Randolph Burgess  
Robert D. Calkins  
William McC. Martin  
Walter W. Stewart  
Donald B. Woodward, Secretary

The pilot project for which Rockefeller funds were granted and work begun on January 15th has now come to the point of preparation for the second phase. Progress reports have indicated that the assumptions on which work was started have proven fruitful. More survivors of early Federal Reserve experience have been located than we dared hope - they have without exception been generous with their time and willing to promise further and more detailed conversations about matters of such interest. More papers have been uncovered than we dared anticipate - their finding poses new problems of handling, editing and deposit. We are developing data files to serve as research tools which, we hope, will have value for qualified persons working in this field.

Meanwhile, the field itself has continued to broaden and deepen as the work has gone ahead. Now that the time has come to block out the second and major phase, we are still conscious of areas left unexplored, but at least the main proportions do begin to loom.

The proposal for the main project toward which this pilot project has been leading must be in the hands of Dr. Willits of the Rockefeller Foundation by April 18th. This means that a draft will need to be considered by the Committee early in April.

As a preparatory step, and to obtain Committee guidance, we are now submitting to you a skeleton list of proposed work which, if approved, will be amplified in the full proposal. The comprehensive design has, from the beginning, implied a research and writing project of considerable dimensions. We suggest to the Committee that it should include the preparation and publication of a body of works such as the following:

A. Books by and for scholars and technicians

I. Documents and papers

1. The classification and indexing of papers pertinent to an understanding of the Federal Reserve System

including highly important collections discovered in the course of the pilot project.

2. The continuing capture of personal knowledge of the System's early days, as remembered by distinguished participants. The pilot project has only made a beginning in a very rich field.
3. The compiling and editing of documents basic to an understanding of the System and its functioning - not only legislation but also speeches, memoranda, policy decisions. (The British established a useful pattern in Gregory's Select Statutes, Documents and Reports Relating to British Banking, 1832-1938.)
4. The compiling and editing of selected papers of one or two outstanding leaders in Federal Reserve thought. (Mr. Burgess set a pattern for this in his Interpretations of Federal Reserve Policy in the Speeches and Writings of Benjamin Strong. The publishing of the papers of later men would amplify the picture and bring it closer to modern struggles.)

## II. History and analysis

1. A definitive and objective history of the Federal Reserve System from its inception.
2. An analysis of the inter-relationship between the System and the economy in which it functions.
3. A history of the development and relationship between the Board and the regional banks, and of the relationship of the regional banks to each other.
4. An analysis of the Federal Reserve System as an important instrument of the government, with particular emphasis on its techniques of decision-making.
5. An account of the international operations of the Federal Reserve System and its banks with the foreign banks of issue.
6. The encouragement and perhaps the publication of expert technical monographs such as Carl Parry's half-finished book on Selective Credit Controls.

### B. Books for the intelligent lay reader (non-technical)

1. A volume of essays on crises in the banking world, domestic and international, how they arose, how they were handled by the Federal Reserve, how their occurrence

and treatment brought about System modifications in an attempt to guard against their repetition.

2. A volume of biographic essays showing the growth and functioning of the System and its place in American life, through the lives, aims and surrounding circumstances of the men who helped make it what it is.
3. A couple of good full-length biographies of leaders among the bankers who have helped to shape the System.
4. A simplified account of the System's development and functioning in this democracy, designed for supplementary reading for high school students of civics or first year college students of economics and political science. (This to be checked with school experts.)

#### C. New York Federal Reserve Projects

(These have been a subject of study in the pilot project. They form a special group within the main project; whether or not their financing is separately arranged they will benefit by a continuing position within the whole, and vice versa.)

1. The compiling and editing of documents basic to an understanding of the development of the Federal Reserve Bank of New York and its place in the System.
2. A history of the Federal Reserve Bank of New York which will be useful in the training of young executives and is so planned that it can from time to time be brought up to date.
3. A pattern for the creation of Bank Archives in the Federal Reserve Bank of New York. (This appears to have been started in 1927, reactivated under the influence of Mr. Warren in 1944, but not yet realized.)

The preparation of such a considerable body of work, grouped around a subject of such high import as the Federal Reserve System, obviously calls for scholars of the first ability and for an adequate operating organization. We are gathering the names of scholars, and we will have operating suggestions ready for a later draft.

Meantime may we ask the Committee's consideration of this skeleton list. Any suggestions, whether as to content or form, will help in the formation of the draft proposed itself. We will be grateful for your reactions by Monday, the 29th, if possible.

Mildred Adams  
Research Director



COMMITTEE TO STUDY THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Skeleton List of Works to be Proposed

March 22, 1954

superseded 3/23/54  
final draft

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The proposal for the main project toward which this pilot project has been leading must be in the hands of Dr. Willits of the Rockefeller Foundation by April 18th. A draft will be ready for committee reading by early April. ~~The main lines of this draft will follow those originally discussed when the pilot project was first formed, but the various part of the work to be proposed can now be described with somewhat more precision and detail than then was possible.~~

As a preparatory step, and to keep the Committee abreast of staff suggestions, we are now submitting to you a skeleton list of proposed volumes which, if approved, will be amplified in the full proposal. The comprehensive design has, from the beginning, implied a research and writing project of considerable dimensions. We suggest to the Committee that it should include the preparation and publication of a body of works such as the following:

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II. History and analysis

1. A definitive and objective history of the Federal Reserve System ~~from~~ its inception.
2. An analysis of the inter-relationship between the System and the economy in which it functions.
3. A history of the development and relationship between the Board and the regional banks, and of ~~xxx~~ the relationship of the regional banks to each other.
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Mildred Adams  
Research Director

Committee Reactions to Skeleton List 3/29/24

- ✓ Sprong - letter - "too far too fast"
- Burgess - ?
- ✓ Callahan - memo
- ✓ Martin - talk with Raifler (elaborate cut-off date)
- ✓ Stewart - letter
- ✓ Woodward - saw and approved list.

March 20, 1954

Draft Proposal

When the Committee to Study the History of the Federal Reserve System first proposed a pilot project to the Rockefeller Foundation, its objective was preparatory work leading to a comprehensive study of the System. "Papers which form the source material should be located, classified and roughly analyzed. Important characters in the drama should be sort out, their cooperation asked, and their interest enlisted. The dimensions and proportions of this 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?".

Toward the end thus described, the Foundation generously granted \$10,000 to the Brooking Institution and work started January 15th to end May 1st. Two weeks of that period remain, but enough has been done so that we can report on the result of the mapping and survey of papers and people which went on at so brisk a pace. The exploratory process superficial though it had to be, and as yet incomplete, has gilded a gratifying harvest. The material located is rich, and the memories valuable. The interviews, though hardly more than introductory, show an enthusiastic interest in a further development of the project.

This has been in the best sense of the word a pilot project. It has located and surveyed more collections of papers than we thought could be possible. (The complete list is in the appendix). The size of the collections make it necessary to postpone classification to a later date, but we have discovered an organization that might handle such papers and at our suggestion they have started a sample study to determine time and costs of the necessary process. Problems of a place of deposit, and of permission to use, still remain but the fact that these have arisen and must be left for a second phase is, in an oblique way, an earnest of the work which has been accomplished.

The characters in the drama are more numerous and have shown themselves more cooperative than we dared to hope. Even of the earliest years a few hardy operating men survived. (The list of persons interviewed is in the appendix). To some of these men work in the Federal Reserve System has been a lifetimes occupation. Their memories must, of course be checked with the records, but the sense of life and struggle which they convey would be a valuable factor in any history of any institution. Their interest has been enlisted and their cooperation is generous.

As a method of recording people, papers and events pertinent to this inquiry we have started four card files, one a Who's Who file of persons, one a time file which coordinates persons, pertinent events, legislation; one a bibliographic file of unpublished material; one a subject file. These are arranged so that they could be photostated for the benefit of students working on a later phase of the project. They are by no means completed as yet.

This work has been done under the Research Director, Mildred Adams, in an office generously provided by the Federal Reserve Bank of New York and with the aid of a small staff assigned by the bank from among its own personnel. Office space also was assigned in Washington by the Federal Reserve System and by the Brookings Institution. The latter organization has been generous with expert advice as well as with the technical assistance needed for administering the fund.

MA:lk

~~Continuation of [unclear] - Operation~~

The pilot project has enjoyed a unique position ~~with the~~ <sup>vis a vis</sup> the Brookings Institution. The Rockefeller grant was made to Brookings (as to a tax free scholarly institution of high repute) which then acted as bookkeeper, disbursing agent and consultant, ~~in the most generous fashion and without making reciprocal demands.~~ Whether such an arrangement should be ~~cont~~ <sup>sought</sup> for the major project is a matter for discussion and decision on the part of the Committee and of the Brookings Board.

Meanwhile, and apart from the subject of Brookings affiliation, two methods of operation <sup>have</sup> been suggested. The first is a centralized ~~operation~~ <sup>operational</sup> ~~operation~~ in which a research staff would be assembled and organized, and the work done from the central headquarters. The other would be a decentralized ~~operation~~ with a small staff to act mainly as a center for grants, information, consultation, and occasional applying of the spur to the lagging. It is the Committee's recommendation that this second method be the one chosen, <sup>for</sup> ~~we believe~~ it has the merit of encouraging independent research and the exercise of independent judgement. It is our hope that this project will attract many good minds from several disciplines - we believe they will operate more fruitfully in freedom and with a certain loose competition between them ~~than~~ though an attempt is made to assemble them <sup>into</sup> ~~under~~ a single <sup>force</sup> ~~umbrel~~ <sup>le</sup>, no matter how distinguished.

Experience in the pilot project suggests that in its early stages this major project will need a staff composed of a director, an administrative assistant, and a research assistant, with two secretaries and a typist. The work to be done will include first, the assigning of agreed works to chosen scholars. Two, the making of grants and agreements for work. Three, the acting as a center for information as to whereabouts of papers, and permission to use them; the whereabouts of people, and their willingness to talk, the usefulness of their memories; the distribution of photostated files, etc. <sup>Prevention</sup> ~~People~~ of overlapping and a certain supervisory of fields of inquiry and of investigation.



Continuation of Previous Memo - Operation

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Telephone Conversation  
with Dr. Callinis AM 3/15/54

1 - Break report into 2 parts

1 - report on explorations of a study  
what done, what found, what ideas; under small  
~~when submitted~~ pilot report.

2. Research proposal -

make proposal clean cut

2 headings -

1 - statement of problem character  
scope etc. people again, story of  
important instrument in public of.  
get in good quotable sentences - Better  
to use appendants

2. Proposal

What to do?

scope?

Content outline?

By whom?

By what methods?

What results?

3. (a) personnel + budget -

Agree with

p. 3 - I think clear how much analysis is to go in -  
should be analytical. text must - other will a  
more revised -

may not feel more

dis agreement on this,

Stewart "History of the

Unit of the Fed." is

one thing. How far

should we go recommending personnel?

2. needs further outlining + clarification

3. Put more emphasis on decision making -  
pilot + demonstration - case study

11 } Will settle documents <sup>as</sup> as deposited -  
2 } handle them differently -

B " Probably ought to be in 1st group, scholarly, would

2. Also could be scholarly or popular.  
Would hinge on author + treatment -

3 - OK.

4 - Should look into where such a volume could  
be used. ~~How~~ but since this is 'cultured'  
would do

5 - Should be done in the bank itself

C. Where are things going? How much  
responsibility should com. take on?  
What other agency could be turned up to handle -  
Would mean talking to officials here, libs. etc.  
What needs knowing -

Operation - need tentative budget etc.,

always danger of being too slow

Committee can't stay in being as advisory -  
limited coordination? Or more complete?

Skeleton for Main Project Proposal  
based on criticisms of drafts by Robert Colburn's

must include  
accounting  
papers

I Report on pilot project - (see also appendix as done)

~~When the Rockefeller Foundation makes~~

incorporate  
parts of  
pp. 1, 2, 3  
of drafts

When the Committee..... first proposed its pilot project to the Rockefeller Foundation its objective was ... (quote).  
Toward that end the Foundation generously granted \$10,000, and work started January 15<sup>th</sup> which was to end May 1<sup>st</sup>. - weeks of that period still remain, but enough has been done so that a report on what was called the "mapping and surveying stage" will be, we hope, both useful and provocative.

The work was done ~~under the~~ by a small staff under the Research Director, Miss Mildred Adams, with the aid of an office generously provided by the New York Federal Reserve Bank and with the aid of a small staff picked by the Bank from its own personnel. ~~The total cost~~  
(Accounting of costs to be furnished open May 1<sup>st</sup>)  
~~to help from the bank~~

1. The aim - to tap memories of indexes papers, and ~~from~~ ~~file~~ ~~stamp~~ card catalogues which will be both visible evidence of work accomplished and susceptible of general use by photostat reproduction.

2. The result -

Interviews

2 or 3 slip in process  
people seen

Papers found -

problem of sorting,  
problem of depositing

Files Built (see appendix)

Ideas that emerge

(this ought to lead into the main -)

There is ~~justified~~ ~~analysis~~ ~~of~~ ~~the~~ ~~material~~ ~~collected~~ ~~with~~ ~~the~~ ~~team~~

This has been truly a pilot project. It was done more pains than we anticipated, it has informed us in both technical and method, it has developed techniques and tools that will be useful to any qualified person working in this field.

There's justified - ready to go ahead with  
main proposal

II Proposal for research project into the history, functions  
and effects ~~on the history~~ of the Federal Reserve System -  
~~The Committee now proposes that its life be extended  
and funds be granted to~~

1 - statement of the problem; people aging, papers  
being dispersed, danger that <sup>important</sup> ~~some~~ important  
development in government <sup>instrument</sup> fiscal policy etc  
will be lost if ~~not~~ work is not done now -

(get in quotable sentences) Character + scope -  
Value of doing it now, with interested Committee  
of outstanding character.

2. Proposal -  
What?

Research + writing

Scope?

~~list parts through out~~

Content Outline?

list in developed paragraphs

By whom? ?

As many suggested people as practical -  
Chandler, Adams, Stewart, Bengert, Kelly, ~~Wicks~~

By what methods?

Central research? individual research?

Bank + Board cooperation? Or what?

(D in on meaning of this phrase)

What results?

Body of work both scholarly + popular -

Operation (~~All or some~~ pp on operation)

Committee stay on? (see Collins C)

Operation closely controlled or supervisory only? He thinks committee should stay if latter. ~~Opp~~ Some doubt about simple editor arrangement -

Personnel needed?

Budget "

Time "

3/9/54

PROPOSAL

The pilot project for which funds were granted to begin January 15, 1954, has uncovered a wealth of material, both in the form of unpublished papers and in the interested cooperation of men who have played (or are playing) an important part in the Federal Reserve System. A report of the work done under the terms of that preliminary grant is appended.

That work was designed to be exploratory only. Its results have more than justified that approach to the larger project.

The Committee's first statement that the System, built and rebuilt during the past four decades, has not been adequately analyzed or its history and influence sufficiently recorded must be repeated with added emphasis. The correlative statement that the work of examining what has been done, and of setting it down in readable form must be started soon lest a vital section of financial and economic history be lost has been reinforced: during the very process of the pilot project one collection of papers of a Board member was destroyed before they could be reached, one retired officer of the New York Bank whose experience went back to early days died before his memories could be gathered.

The exploratory process, superficial though it has had to be in the time allotted, and as yet incomplete, has yielded a gratifying harvest. The appended report shows how rich is the material located, and how valuable the memories. The interviews, though hardly more than introductory, show without exception an enthusiastic interest in a further development of the project, and a willingness to give further time for more extensive interviews and to put at the Committee's disposal

COPY

(surrounded of course with due safeguards) the use of papers when such can be found. This cooperation on the part of men who are leaders in the banking world is not only gratifying in itself, but it also gives a measure of the values which lie in carrying this project into a second and more intensive phase.

When the pilot project was first set forth, the Committee outlined as the desired end-product "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 of particular interest, and perhaps a popular history or two designed for wide public reading." "Obviously," said the Committee, "such a comprehensive design would be a considerable undertaking, to be carried on over time by experienced specialists in this field."

Though the exploratory work is by no means finished, it is now possible to see in greater detail the comprehensive design which is its goal.

The main elements in that design continue to be those set down in the first statement, but their outlines are now clearer, and we now know that to them should be added other works which give the structure substance and balance. The Committee has from the beginning held firmly to the belief that one of the most important factors in the strength of the System is the fact that, like every other structure in Government, its ultimate power lies in its acceptance by the American people. Because the American people, in the last analysis, created it and can undo

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it, its continuing vitality depends on as much understanding of its value as can be achieved by laymen. The institution is complicated, but it must not therefore be allowed to seem so far above the heads of its ultimate masters as to arouse their distrust and animosity. Where there is no vision, it is not only the people who perish; so also do the objects of that lost vision. The national banking system will live and flourish only while the people trust in its ways, and there are numerous examples in modern life to prove that they do not long trust blindly.

For these reasons, the Committee has from the beginning seen its ultimate objective as the production of two kinds of publications: scholarly and technical studies on the one hand; and, on the other, works designed for more popular use. The first group would include the writing of a definitive history and analysis and the publication of basic documents; the second calls for banking biographies so framed as to interest the lay reader in both the people portrayed and the work they have done as well as the publication of important papers which throw light on the questions at issue and reveal the final outcome of such debates in a manner that would make the controversies come alive to the non-specialist.

The following list is not necessarily complete (the vitality of this whole field is attested by its impulse to grow), but the Committee believes this is the minimum that is needed:-

A. Scholarly Group

I. History and Analysis:

1. A definitive history of the Federal Reserve System, from its inception in 1907 to the latest date for which records can be made available. This should be

*How much analysis?  
 Surely not a mere review?  
 Conflicts with 2? Can be combined?  
 Stewart's "History of the kind  
 of the Federal Reserve" do it?  
 Or is this still another book?  
 Fraser's outline -*

a full-bodied job, written against the background of economic growing pains from which the System sprang. It should cover a discussion of what the proponents of the System thought central banking was and would do, an account of the handicaps imposed by lack of knowledge of how central banks could or should operate, a description of the changes which have come about in the American concept of central banking after forty years of experience with the developing American type. It should cover policies and procedures as well as operations; legislative changes and their effects; Treasury-Federal Reserve relations; as well as the straight history of the System in war, peace, and crises.

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2. An analysis of the operation of the System within the economy and of the inter-relationship between the System and the economy. This would include the history of an awareness within the System that some shaping of the economy was part of its function; the attempts made, the forms they took, the successes or the failures.

3. An analysis of the Federal Reserve System as an instrument of Government. This volume would be the work of a political scientist interested in the whole problem of the methods and mechanisms which this democracy develops and through which it functions. (Dr. Calkins is particularly interested in this.)

heads further out -  
lining + classification -  
Be sure it doesn't  
run to conflict with  
no. 1  
may be Stewart's 4  
no. 2, and this  
no. 2 combines with  
no. 1

2. An analysis of the operation of the System within the economy and of the inter-relationship between the System and the economy. This would include the history of an awareness within the System that some shaping of the economy was part of its function; the attempts made, the forms they took, the successes or the failures.
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Part more emphasis on  
this as important instrument  
in process of decision making -

II. Documents and Papers:

Problem -  
Where are documents  
to be deposited, how  
used?

1. The compiling and editing of documents basic to an understanding of the System and its functioning. These would include not only the relevant legislation with an indication of the changes brought about by amendment, but also such speeches, memoranda, executive decisions, excerpts from hearings, and so on as have affected both policy and function. The British established a pattern for this in Gregory's Select Statutes, Documents & Reports Relating to British Banking, 1832-1928, and this model could usefully be adapted to American needs.

C

O

Problem. Where  
are documents to be  
deposited, how used?

2. The compiling and editing of documents basic to an understanding of the Federal Reserve Bank of New York, its growth, development and influence. This leads to the writing of a history of the New York Federal Reserve Bank which will be useful for the training of young executives and which can be added to as occasion warrants. This, which is the other part of particular interest to Mr. Sproul, can be done in one of two ways once the job of locating documents is finished.

P

Make it clear that  
this + B 5 and  
C 3 are NY

Y

Bank projects,  
Better set them  
separately, this  
within project.  
To be paid for by  
NY Bank.

B. Popular Group (Non-technical)

1. A volume of essays on crises in the banking world, how they were handled by the Federal Reserve, how their occurrence and handling modified the System in an attempt to guard against their repetition. This would include

Calkins thinks this  
probably should be  
scholarly - (?)

the financing of World War I with its Liberty Loans; the aftermath of the war in the depression of 1921; the crash of 1929 with the failure of the System to prevent it and the work done by Federal Reserve bankers in mopping up after it; the financing of World War II and the long captivity of the Board. There is a great deal of drama in these, and their importance in the economy is tremendous. They should be written for popular reading, with due regard for their appeal to the wide audience that had experience with or tales of these crises.

2. A volume of biographic essays showing the growth and functioning of the System through the lives and aims of men who helped to make it what it is. This would include not only Governors, but staff men; not only the Benjamin Strong but also the Leslie Roundses, not only the Adolph Millers but also the Rieflers, Goldenweisers, Stewarts, etc. There are various ways of planning this, various criteria for choice, but it should include as many kinds of men and as many phases of the Board's work as can be made to live by this method. It should be planned and written for popular, not technical, readers.
3. A couple of good biographies of leaders among the bankers who have helped to shape the System. Benjamin Strong of the New York Reserve Bank is the most obvious one, but there are other important candidates, such as Roy Young and Allen Sproul.

C

O

P

Y

*Could be  
absolutely or  
popular - Would  
bring on another  
treatment -*

*OK by Callahan's*

but sure this as outlined is very good. Should look into volume needed, but it be just another on the shelves, that no one reads, who could do it?

4. A popular history of the System designed for high school and first-year college history classes. This should be based on number (1) above, and, if possible, should be designed to appear shortly after the publication of the longer and definitive work. Popularizing is in itself no small art, and the services of someone who has proven himself expert in the exercise of that art should be sought.

This is Special - see p. 5

5. A half-technical, half-popular history of the New York Federal Reserve Bank designed for young executives.

C. In addition to these two groups, a third is of great importance:

1. The assembling, classifying, and indexing of papers uncovered by the intensive search carried on in the pilot project is a vital part of the main project. In many instances, this must be done before the papers are usable. Yet because the disposition and arrangement of relevant papers is so important a part of the scholar's work, the two procedures cannot always be separated. Nor can the writing of volumes in this project be postponed until all relevant papers are in hand, or neither task would ever be finished. The two to a certain extent feed on and stimulate each other.

Again problem is, where are these things going? How much should committee take on? What other agency could be turned up to handle this? Talk to officials here, librarians etc.

2. The publication of selected papers of leading thinkers on the pattern of, say, Mr. Burgess's Interpretations of Federal Reserve Policy in the Speeches and Writings of Benjamin Strong.

This too is  
Sprunk-see  
p. 2-

C  
O  
P  
Y

- ? -

3. A pattern for the creation of Bank Archives in the New York Federal Reserve Bank. This means, first, location of pertinent historical material which is buried in the great sea of bank files, and which does not jump to the eye from any perusal of the subject catalogue. Second, it implies the continuance of any system of location for historical purposes so that its history function may continue.
4. Continuation of the search for papers and intensification of the process of interview. The search must go on for papers. The process of interviewing must continue as a stimulant to men's memories and a reminder that their papers are valuable to the writing of history in this democracy.

APPENDIX

Work done in the course of the pilot project

List of Papers Uncovered

List of Introductory Interviews Held (Person and Number)

List of Files Compiled -

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Y

As visible evidence of work accomplished during the pilot project we set ourselves to create the following group of files which we considered essential for the use of anyone starting work on Federal Reserve matters. They are by no means finished, but enough have been done to show this function. They have been set up in such a form that they can be photostated at a moderate cost for the use of scholars. These files are meant to serve as a basis for research and as usable models for the further work in specialized fields to which individuals direct themselves.

1. <sup>who's who</sup> A file of persons active in the System. This includes the Federal Reserve Board--the Chairman, members of the Board, and senior officials; the Presidents (or Governors), the Chairmen, the Federal Reserve Agents in each District Bank.
2. A bibliography of unpublished papers uncovered during the first phase. This is in some instances merely a bulk list, with an indication of where the papers are, and who must be consulted concerning their use; in some instances, we have also a register of items.
3. A chronological file (known to the Committee's Research Director as the "Time File"), starting with 1907, which keys together persons, legislation, litigation, and outstanding events within the System and in the economy. This includes ...

4. A subject file.
5. A bibliography of published works which bear on the project.  
(This we intended to postpone until a later phase, but it gathered itself as we worked. It includes a list of the material basic to any extensive study of the System, such as legislation, minutes, records, etc.)

C  
O  
P  
Y



DRAFT  
March 3, 1954

### PROPOSAL

The pilot project for which funds were granted to begin January 15, 1954 has uncovered a wealth of material, both in the form of unpublished papers and in the interested cooperation of men who have played (or are still playing) an important part in the Federal Reserve System. A report of the work done under the terms of that preliminary grant is appended.

That work was meant to be exploratory, and its results have more than justified that type of approach to the larger project. The Committee then talked in terms of the "desirability of 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, one or two key biographies, at least one popular account useable in high school and freshman college courses, articles and monographs in periodicals." Research has shown those aims to be only part of a larger complex of studies which are needed.

More work needs to be done before some of those studies can be clearly outlined, but we are now able to plan the following:-

1. A definitive history of the Federal Reserve System, from its inception in 1907 to the latest date for which records can be made available. This should be a full-bodied job, written against the background of economic growing pains from which the System sprang. It should cover a discussion of what the proponents of the System thought central banking was and would do, an account of the handicaps imposed by lack of knowledge of how central banks could or should operate, a description of the changes which have come about in the American concept of central banking after forty years of experience with the developing American type. It should cover policies and procedures as well as operations; legislative changes and their effects; Treasury-Reserve Board relations; as well as the straight history of the System in war, peace and crises.

2. An analysis of the operation of the System within this economy, and of the inter-relationship between the System and the economy. This would include the history of an awareness within the System that some shaping of the economy was part of its function; the attempts made, the forms they took, the success or the failures.

3. An analysis of the Federal Reserve System as an instrument of Government. This calls for a political scientist interested in the whole problem of the methods and mechanisms which this democracy develops and through which it functions. (Dr. Calkins is particularly interested in this.)

4. The compiling and editing of documents basic to an understanding of the System and its functioning. These would include not only the relevant legislation with an indication of the changes brought about by amendment, but also such speeches, memoranda, executive decisions, excerpts from hearings and so on as have affected both policy and function.

5. A couple of good biographies of leaders among the bankers who have helped to shape the System. Benjamin Strong of the New York Federal Reserve Bank is the most obvious one, but there are other important candidates, such as Roy Young and Allan Sproul.

6. A volume of biographic essays showing the growth and functioning of the System through the lives and aims of men who helped to make it what it is. This would include not only Governors, but staff men--not only the Benjamin Strongs but also the Leslie Roundses, not only the Adolph Millers but also the Rieflers, Goldenweisers, Stewarts, etc. There are various ways of planning this, various criteria for choice, but it should include as many kinds of men, and as many phases of the Board's work, as can be alive. It should be framed for popular, not technical, readers.

7. A volume of essays on crises in the banking world, how they were handled by the Federal Reserve, how their occurrence and handling modified the System in an attempt to guard against their repetition. This would include the financing of World War I with its Liberty Loans; the aftermath of the war in the depression of 1921; the crash of 1929 with the failure of the System to prevent it and the work done by Federal Reserve Bankers to mop up after it; the financing of World War II and the long captivity of the Board. There is a great deal of drama in these, and their importance in the economy is tremendous. They should be written for popular reading, with due regard for their appeal to the wide audience that had experience, or tales of, these crises.

8. A popular history designed for high school and first-year college history classes. This should be based on number (1) and, if possible, should be designed to appear shortly after the

publication of the longer and definitive work. Popularizing is in itself no small art, and the services of someone who has proven himself expert in the exercise of that art should be sought.

9. The assembling, classifying and indexing of papers uncovered by the intensive search carried on in the pilot project is a vital part of the main project. In many instances, this must be done before the papers are useable. Yet because the disposition and arrangement of relevant papers is so important a part of the scholar's work, the two procedures cannot always be separated. Nor can the writing of volumes in this project be postponed until all relevant papers are in hand, or neither task would ever be finished. The two to a certain extent feed and stimulate each other. (This is why we have not started this phase with this problem.)

10. The search must go on for papers. The process of intertwining must continue as a stimulant to men's memories and a reminder that their papers are valuable to the writing of history in this democracy.

11. A pattern for the creation of Bank archives in the New York Federal Reserve Bank, that is, a pattern for segregating from the files of the Bank copies of material which will be helpful in establishing a history of the Bank. (Mr. Allan Sproul is much interested in this.) This means, first, locating pertinent historical material which is buried in the great sea of bank files, and which does not jump to the eye from any perusal of the subject catalogue. Second, it implies the continuance of any system of location for historical purposes so that its history function may continue.

12. A history of the New York Federal Reserve Bank which will be useful for the training of young executives and which can be added to as occasion warrants. This, which is the other part of particular interest to Mr. Sproul, can be done in one of two ways once the job of locating documents (number 11 above) is finished.

Construct the ideal that  
should be done, from the  
skeleton list -

Then say we recognize  
this ~~is~~ permits a <sup>major</sup> research  
project. We would like to  
submit the core of it as  
the project for which we  
would like Rockefeller aid -

We will encourage the  
galaxies + periplum as  
they come along -

<sup>Pilot Project</sup>  
Report - p. 7 - list most important men interviewed -

OX 7-3800

Report - p. 7 -

B - The comment of a former Reserve Bank Governor was "You're asking me to open doors long shut. They open hard." Any historian ~~going~~ under the auspices of this Committee to discuss a vital point with such a man will find his way much easier ~~because~~ ~~it~~ because the preliminary door-opening has been done.

~~B - p. 8~~

Report - p. 8

C - This work has been done under the Committee's research director, Mildred Adams, in three offices - one assigned in Washington by the Federal Reserve Board, one provided by the Federal Reserve Bank of New York with a ~~staff~~ staff of three assigned to this work by the Bank from among its own personnel (their salary costs, <sup>of course</sup> ~~was~~ paid by the Committee), one in the the Brookings Institution. The latter ~~one of the Board and the Bank~~ ~~at~~ organization has been hired with expert advice, as well as with the technical assistance needed for administrative, the Fund.

The cooperation of the Board has from the start been prompt and generous. The all doors have

To the Presidents of the  
other eleven Banks a personal

including library and files  
been open and the Research staff has ~~been contacted~~  
made a large and valuable contribution to the bibliography.  
Cooperation with the Banks was established ~~when the~~  
Chairman of their Committee, President Allen ~~Sproul~~ <sup>of</sup>  
~~of a letter~~ ~~introduction from the President~~ ~~of~~ <sup>the President of</sup>  
the Federal Reserve Bank of New York, ~~sent~~ <sup>to the</sup> letter  
explaining the Committee project and ~~indicating~~ <sup>indicating</sup> their interest.  
Since then, material bearing on the local histories of the  
individual Banks has ~~been~~ <sup>been</sup> ~~supplied~~ <sup>supplied</sup> in response to

A specific request. It is apparent that ~~the~~ ~~the~~ <sup>rich and reflected</sup> regional  
~~disparities~~ <sup>and developments</sup> ~~form~~ <sup>form</sup> a field for  
research ~~that~~ <sup>in</sup> any comprehensive <sup>study</sup> ~~of~~ the System.

Meanwhile the New York Bank, like the Board, had ~~opened~~  
all doors and created for the Committee's stay an atmosphere  
of cooperation which has ~~both~~ <sup>both</sup> ~~facilitated~~ <sup>facilitated</sup> the ~~actual~~ <sup>actual</sup> ~~work~~  
~~process~~ <sup>work</sup> process ~~and~~ <sup>and</sup> ~~been~~ <sup>been</sup> ~~constituted~~ <sup>constituted</sup> an important  
financial contribution to the project.

~~Memorandum, please~~

~~Interd  
report  
Proposed~~

In January 1954 the Rockefeller Foundation generously granted to the ~~Reserve~~ Institution \$10,000 for a pilot project to be ~~done~~ <sup>handled</sup> under the auspices of a Committee to Study the History of the Federal Reserve System. The Committee's name defined its function. ~~The~~ ~~the~~ ~~understanding~~ ~~purpose~~ ~~Study~~ ~~Composed~~ ~~of~~ ~~men~~ ~~who~~ ~~was~~ highly placed in the System now, or formerly connected with its work, the group had a <sup>comprehensive</sup> <sup>wide</sup> <sup>understanding</sup> of the <sup>institution's</sup> ~~System's~~ place in the American government ~~and~~ and of its importance in the economy. They recognized its unique position between government and the <sup>private</sup> ~~public~~ banking financial world. They believed that <sup>the time had come to make</sup> an historical study of <sup>this institution's</sup> ~~its~~ life, more comprehensive and definitive than anything hitherto undertaken, <sup>and that such a study</sup> would shed light on the past and provide guidance for the future.

~~The Committee was stirred to immediate activity by a desire to take advantage of the fact that for all its importance on the American scene the Federal Reserve System was a relatively recent institution, and that men active in its formative period could still remember~~

In view of the fact that ? Moore - Norman -

The Committee's sense of the <sup>importance</sup> ~~importance~~ and the urgency of ~~this~~ such a study was ~~convinced~~ <sup>deepened</sup> by their recognition that the System was still an evolving institution, and that course of that evolution should be caught and recorded while men who remembered the details of its progress were still alive. "The Federal Reserve System's functions -- (p 2 of original proposal)

That reasoning still stands. The <sup>Committee's</sup> second <sup>point</sup> ~~point~~ that a survey of materials and memories should be undertaken as a preliminary to any proposal for the writing of a comprehensive history, was answered by the Rockefeller grant. The report of ~~that pilot~~ <sup>work</sup> done under that pilot project, submitted <sup>here with</sup> ~~as part of this~~ ~~document~~, shows rich discoveries ~~to be~~ in the form of materials and of living memories.

In view of that <sup>report</sup> the Committee believes that the time has now come to ~~to~~ enter on the second step, <sup>the</sup> writing of a comprehensive and definitive history of the Federal Reserve System is still the core and central purpose of the <sup>larger design</sup> ~~project~~ we ~~shall~~ <sup>are now ready to</sup> propose. ~~Forward is the~~ <sup>idea</sup> that ~~this~~ <sup>may</sup> be set in its proper proportions we ~~now~~ <sup>suggest</sup> first present the report of work done under the pilot project.



Proposal

task of writing a comprehensive history of the Federal Reserve System which is ~~the~~ the core of our endeavor

~~The work of writing a comprehensive~~

~~Experience in the pilot project, and ~~consultation in smaller~~~~

consultation with ~~experts~~ those engaged in other attempts

<sup>clear and</sup> to record the course of living institutions, have taught us

that the ~~work~~ divides itself into three steps which may

be called the archival process, the interview process and

the process of history writing. ~~As~~ <sup>As</sup> readily there three appear

to be separate, just as in the pilot project the process

of discovery of papers, ~~interview~~ gathering of materials and

building of card files appeared to be separate. Certainly

each process in the pilot project fed each other, and the

success of that project is in no small part due to ~~the~~

what seemed at times a handicap - namely that all

three were <sup>necessarily</sup> going on at once. Each fed and ~~perpetuated~~

~~In the same way we ~~we can submit that~~~~

from each other.

Were it <sup>advisable</sup> ~~possible~~ to carry ~~on one~~

~~at times~~ the archival, the interview and the history-writing

processes one at a time, in series, we ~~should~~ <sup>should</sup> ~~rather~~

~~ask for~~ propose that the grand design move forward

in two ~~step~~ phases. The ~~at~~ reading of the report

(p. 10)

the span of a person who wants to use its results.

~~There are examples of the~~

But even while setting down these <sup>small</sup> examples of the large amount of work which remains to be done in the first two processes we realize how ~~intimally~~ inextricably linked with them is the third process. ~~Even~~ <sup>Even</sup> in the pilot phase we became aware of ~~many~~ <sup>writing</sup> ~~works~~ <sup>works</sup> under way or long pending, for lack of encouragement which would be valuable for our purposes if finished and which could be finished the sooner if <sup>they</sup> ~~it~~ could profit from the work we were doing. Research is not done ~~well~~ <sup>of this kind well</sup> in a vacuum <sup>or without</sup> ~~history~~ <sup>history</sup>, ~~writing~~ <sup>writing</sup>, in the ~~care of a~~ <sup>care of a</sup> ~~historian~~ <sup>historian</sup> who can work with researchers, using their data ~~and~~ <sup>and</sup> stimulating and broadening their search ~~well~~ <sup>well</sup> by his questions, has a richer content to draw from than the one who starts after the research process is finished and put in a file case.

Under these circumstances we are going to propose that the Rockefeller Foundation grant us the sum of \$300,000, to be available for spending over the course of five years. With such funds we would expect to accomplish the following ends:

1. Archival -

(a) ~~To continue and complete the work of exploring papers and documents which was started in an~~

d) to publish such research aids as seem most useful, including an annotated bibliography of ~~research~~ Federal Reserve material both published and unpublished.

~~the pilot project.~~

a) to complete the ~~file~~ <sup>various</sup> ~~bibliographies~~ <sup>and files of</sup> ~~bibliographic~~ and ~~bibliographic~~ <sup>material</sup> started under the ~~pilot project.~~

b) to make ~~this~~ <sup>such parts of this</sup> ~~research material~~ <sup>as is pertinent</sup> available to ~~students~~ <sup>qualified</sup> ~~students~~ <sup>students</sup> available to qualified students such part of this research material as is pertinent to their inquiry,

c) to work out problems of handling <sup>pertinent</sup> collections of papers and putting them in useable shape for students. This may include ~~the~~ financial aid in specific instances, ~~such as~~, for example, the Carter Glass papers ~~at~~ <sup>are</sup> the University of Virginia, <sup>(see report)</sup> ~~where~~ Professor Albert Kincaid of that college, due to retire from teaching, in June, would like to classify and study them if funds could be provided.

## 2- Interview

(a) To ~~complete~~ <sup>continue</sup> the interview process which has yielded such good results under the pilot project, and to enter on a series of secondary interviews with chosen individuals <sup>in the older group</sup> who have already ~~shown~~ shown themselves to have good memories and ~~an~~ <sup>an</sup> interest in contributing ~~to this~~ all they can to this project. Such men as ~~Leslie P. J. Hobart Case~~ and ~~Leslie Pounds of the New York~~

Roy Young and Walter Wyatt of the Board, Joseph Baschich,

~~Walter W~~ George Harrison,

Gen. Herbert Case and Leslie Bonds of the New York Board,  
~~Cassius~~ John Lincoln and Cassius Demick Wieg of Philadelphia,

~~have already fully examined who have shown themselves~~

are of this type, and there are many more. It is the hope  
~~of the research done by the~~ Committee's research director

that just as the Harvard Business Studies group uses a  
tape recorder for capturing the living words key interviews,  
~~so~~ she might ~~use~~ profitably use this technique ~~where~~  
in selected instances.

3) History-writing, which is the core of this project, ~~also~~ falls  
into two groups, the comprehensive history itself, and  
certain peripheral works which bear on it, contribute to it,  
and are in being or can be started and completed in the  
near future.

(a) The peripheral works are in the main monographs.  
We cite ~~an~~<sup>as</sup> examples the fact that Carl Parry, now  
retired from the Board, staff, should be encouraged  
to complete his half-done monographs on  
Selective Credit Controls, a subject ~~with~~<sup>in</sup> which he  
has had active as well as theoretical interest.  
Gardner Patterson of the International Finance  
Section at Princeton University would like aid

We have every reason to hope that the work done by this Committee, the contacts established during the first phase, and the stimulus which the existence of this project provides will result in other important works, to write a study of Reserve ~~and~~ international financial operations in the 1920's; Lester Kunder, also of Princeton, would like and to write a long monograph or a short book on "Ben Strong, Central Banker". ~~These~~ Two able men, Dr. Karl Bopp of the Philadelphia Federal Reserve Bank and Professor Edward Shann of Stanford University, are interested in a study which might be called "The Art and Politics of Central Banking". ~~As a~~ It goes without saying that no commitments have been made ~~for these~~, in regard to such work. These examples are, however, cited as showing the caliber of work which this Committee would like to encourage, and for which it might use funds.

- (b) The writing of the history itself is the major commitment toward which all this work leads and for which funds are being asked. The author must be a man of ~~wide experience~~ who combines proven scholarly ability with wide experience in the monetary field. His name should carry authority in both the academic and the practical world. We ~~are~~ are assured of the interest of a candidate who meets ~~all~~ the most stringent requirements, namely the author of books which are classics in the field. This potential author is at the moment

occupying a post of high rank in the government, and any specific discussion of his future availability runs the risk of raising rumours which should not be started.

We trust that the Foundation will accept our word that for the ~~the~~ qualifications and experience, both in monetary affairs and in the very different ~~writing~~ disciplines of the student and the writer, are such that we recommend him without qualification.

Operation

Operation

Experience in the pilot project has persuaded us that ~~of the~~ the best way to handle the comprehensive design is through a small administrative staff, over which this Committee, which in one form or another ~~has~~ <sup>would</sup> continue in being, will have supervision. The Committee's association with Brookings, which has been both pleasant and helpful, will continue, though perhaps with modifications made necessary by the larger size of the project and the new problems raised by entering into the writing phase.

These new problems ~~may~~ involve three sets of relationships - those ~~of the writer with Board and~~ concerned with the use of material, those raised by relationships of Board and Bank with this Committee, those which arise from the Commission <sup>or submission</sup> of any author and the relationships of the Committee and Brookings Institution to whatever work he produces.

The use of material is a problem which ~~was~~ becomes acute ~~of~~ when ~~it~~ it is proposed to move from the ~~pilot project to~~ archival and interview steps to that of history writing. ~~Similarly~~ <sup>the</sup> In <sup>the</sup> operations of the Board and the Banks certain information is made public. Reports, news letters, legislation, published hearings and so on come in this first category.

independent and impartial  
history project,

Other types of information are held confidential, some for a period of years, some under an indefinite seal. When the pilot project was started it was with the understanding that ~~the material being had been~~ the Board <sup>was much interested in helping along and</sup> did not wish to impose restrictions on the Committee's research, but ~~that it~~ would prefer that ~~a cut-off date~~ no explorations be <sup>made into</sup> ~~concerning~~ past ~~1935~~ events taking place after 1935. This ~~cut-off date was~~ ~~an active problem~~. The ~~obscure~~ ~~of this~~ ~~cut-off date~~ ~~becomes~~ ~~so~~. Because the ~~pilot project~~ research director was <sup>during the pilot project</sup> primarily eager to search out the papers and people of the older stages of the System this cut-off date created no difficulties. It will, however, pose problems as the work of history-writing takes shape. ~~A~~ ~~forty~~-year life, whether of man or of institutions, can hardly be ~~cut in two~~ and adequately recorded if biographers and historians are allowed to examine only its first half. On the other hand certain ~~in~~ ~~references~~ ~~has~~ ~~an~~ ~~operations~~ as frequent with conflict as those which take place in the monetary world certain ~~references~~ ~~are~~ ~~most~~ obviously be respected.

~~One~~ Two ways of handling the problem have been proposed, one that it be taken back to the Board



in the hope of another ruling  
and if  
when the ~~problem~~ <sup>question</sup> becomes acute,

the other that perhaps it is unfair to ask men now active in the Reserve System to stay on the Board and lend their tacit approval to explications which in their official roles they might feel unable to encourage. ~~Nevertheless~~ The Committee would hate to lose them as members, but neither ~~should they be subjected~~ does any one want them to be subjected to ~~unpleasant~~ unnecessary dilemmas. A third solution might be to postpone action on the problem in view of the fact that the work thus far proposed is mostly concerned with matters prior to 1935 and that therefore the difficulties are all in the future. When they arise they can be dealt with individually.

As for the future commissioning of authors, and the problems which this <sup>may</sup> create, the Committee would in this follow the rules laid down by Brooklyn Institution after long experience and found satisfactory by them.

### Staff and Office

The pilot project was carried on by the research director, Mitchell Adams, with the aid of a qualified research assistant whose time has been shared with Dr. John Williams, and two young typists who have been helping to bind card files. ~~The~~ <sup>at the</sup> Association with Dr. Williams, ~~and the informal~~ which this

arrangement made possible had real values which must be weighed against the difficulty of operating with research help only on a part-time basis.

The research director would like to continue in the same role for ~~at least the first year~~ during the first year or so of the major phase. She must, however, have ~~an~~ <sup>a</sup> full-time assistant able to give full time and capable of accepting more responsibility for administrative detail than could be delegated under the part-time arrangement prevailing during the pilot project. The ideal would be to find a young, ~~and~~ well-equipped and ~~able~~ research assistant with the proper academic training, and some experience in administrative work of a related nature, who would ultimately be capable of taking entire charge of the project and carrying it forward. ~~At that point~~ <sup>much-needed</sup> ~~until~~ such a person is found the visits to Reserve Banks in other cities ~~to~~ ~~can be~~ ~~must be~~ confined to those quickly reached and easily returned from. ~~Other~~

~~Until the card files are completed (the bulk of that work should be finished in six months)~~

Offices <sup>and equipment</sup> were assigned for the pilot project in the Federal Reserve Board in Washington, the Brooklyn Institution, the Federal Reserve Bank of New York.