

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

CORRECTIONS TO BE MADE ON REPORT OF EXECUTIVE DIRECTOR

See corrected copy in top file drawer

p.2, para. 6

Semi-colon (;) after "banks"  
Remove comma (,) after Richmond"

p.3, para. 4, line 5

long/time

p.3, para. 2, last line

do not insert word "executive" tho' marked in M.A. copy

p.4

Corrections as per corrected copy

p.5

" " " " "

p.6, p. 7, p.8, p. 9

Corrections as per corrected copy

## COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

### Report of the Executive Director for 1954-55

The Secretary's summary review of work done in 1954-55 reports the Committee's progress and outlines the plans proposed for 1955-56. This more detailed report of staff accomplishment is appended for the interest of Committee members.

#### ✓ Archival and Research Activities

Y This group of activities was planned as basic to the entire project, and a continuing attempt has been made to keep it firmly rooted there. As the project is concerned not only with the history of institutions and the people who set them up and have operated them, but also with the theories held, the policies followed, the effect of those theories and policies on the country's monetary structure and on the surrounding economy, it has been necessary to plan several lines of inquiry and to record various types of information.

This information is primarily concerned with the past, but we have been getting at the past by courtesy of the present. Visits to Board, Banks and Treasury are made to those institutions as they now work, and records of those visits necessarily touch on present characters and conditions as well as on those of days long past.

Because the field is so large, the survey has, for this first year, been continuing to map mostly surfaces. The majority of this is done. We now know a good deal about what material is where, how to find it, in what direction further searching can most usefully proceed. We hope in the second year to complete our survey, make its results available to scholars working on this project, and dig into deeper levels.

#### 1. Board Visits

The staff's executive director made nine visits to Washington between September 1954 and May 1955, of which eight were for two days each. An office with desk and telephone was made available for her use, library and cafeteria privileges were extended. During these occasions she had one or more interviews with Chairman Martin; his assistant, Mr. Riefler; the Board's Secretary, Mr. Carpenter; the Economic Advisor to the Board, Mr. Woodlief Thomas; the General Counsel, Mr. Vest (who has kindly undertaken some research for us into significant court decisions involving the Board or the Banks); the Director of Research and Statistics, Mr. Young; the Assistant Director, Miss Burr; the Librarian, Miss Sutherland; the Head of Files, Miss Poeppel; and others of the staff.

Transcripts of these interviews were dictated from notes and filed in the Committee office as "confidential." The useful information they contain is being held as part of the raw material which can be made available for students working on the history. They also served to orient the staff director as to the material available in the Board.

✓ Library - The library of the Board of Governors is essentially a working institution, serving primarily the Board and staff members, but welcoming our inquiries. It does not aim to become a depository of historical material, nor

has it space or staff for the housing and servicing of collections whose value is chiefly historical. It contains a good collection of printed data, basic to this project, including the reports of the National Monetary Commission, the Aldrich Plan, and so forth. It has complete sets of Board Reports, and a collection of memoranda and speeches by Board members and staff over the years. Its librarian, Miss Sutherland, makes no claim that this collection is complete or definitive, but it is certainly rich. One hopes it may be kept intact, with current additions but without forced disposal of early material, as its historical importance grows with the years. Students who come with appropriate introductions are permitted to work there in the limited space available.

Miss Sutherland loaned us a complete set of Annual Reports (later replaced by the New York Bank Library) and had copied for us a set of library cards cataloguing addresses and testimony before Congress of members of the Board and of the Board's staff. She also made it possible for a former member of the Board's staff to compile for us (at our expense) a card file of the principal Congressional hearings which have been concerned with Federal Reserve matters. This gives the Committee unique and valuable research aid.

Files - A complete report on material available in the files of the Board of Governors could only be made after more exhaustive inquiry than has thus far been possible. Legal files, Research files, and General Administrative files are separate collections following different patterns of organization. Legal files include a device called a "spike file," also existing in the New York Bank, which is in effect a chronological record of matters that come up day by day in the Legal Division. Bound at intervals and kept on shelves in the Legal Division, the early volumes afford a picture of the legal aspect of the System as it evolved within the Board.

General Administrative Files are the Board's device for central filing. According to Miss Poeppel, who runs them, they contain a good 25% of material that is archival in nature. Organized as subject files, classified according to a modified Dewey Decimal System, they also contain a key to the persons creating the material in the form of a card file started very early by Mr. Jemison, a former Head of Files, who kept a carded record of who wrote what on subjects of importance.

These files were apparently assembled from various places when the Board came from several offices into its own building nineteen years ago, and there is some indication that their form of organization may have been changed at least once. Miss Poeppel has recently begun to replace worn backings and tattered guides so as to render the older material more easily useable. She is much interested in the aims of this Committee, and very cooperative, an attitude in which she has official support.

## 2. Bank Visits

The staff director has now made the acquaintance of all twelve regional reserve banks, New York, Boston, Philadelphia and Richmond, before July 1954, and the other eight between July 1954 and the end of June 1955. No attempt has yet been made to see branch offices.

Dates and places were as follows:

July 20-23, 1954, inclusive	Federal Reserve Bank of St. Louis
July 26-29, 1954, "	" " " " Chicago
Jan. 11-13, 1955, "	" " " " Cleveland
Feb. 15-18, 1955, "	" " " " Atlanta
Mar. 30-Apr. 1, 1955 "	" " " " Dallas
Apr. 4-11, 1955 (inc. weekend)	" " " " San Francisco
June 8-11, inclusive	" " " " Minneapolis
June 13-15, 1955, inclusive	" " " " Kansas City

The way for these visits was prepared by a letter from Mr. Sproul, Chairman of this Committee and President of the Federal Reserve Bank of New York, to his colleagues in the other eleven banks introducing the work of this Committee and asking their cooperation, a letter which proved its effectiveness many times.

Bank cooperation showed itself in many courtesies, large and small, in a willingness to answer all questions and to open all doors. The degree of interest in historical research as such varied with the individual, but the general attitude was one of warm welcome. With two exceptions, caused by absence from the city, the President of the Federal Reserve Bank welcomed the Committee's representative in person, and talked at length about the district, the bank, the economic history of the region, as well as contributing anecdotes of earlier days and suggesting "elder statesmen" who might have useful memories. A desk was provided, schedules of further interviews set up. Nor did Bank hospitality end there. Luncheon invitations were extended, sometimes with other officers, once with the entire officers' council. Bank cars and drivers were offered to take the visitor around the city. Dinner appointments were made as for an honored guest. The director is warmly appreciative of such hospitality and such kindness.

To talk with senior officers, to inquire about "elder statesmen" who might contribute papers or memories, to find out what historical material was available in files and libraries, to establish a sense of confidence which could be extended and deepened by correspondence, to create a reciprocal interest in the project which might result in volunteered information and aid, all this was the repeated aim. The Chairman of this Committee, Mr. Sproul, very early expressed the hope that it might be possible to coordinate information about bank archives; that goal has stood high on the list of things which might be accomplished by these bank visits.

Toward that latter purpose, two questionnaires were constructed, one to find out what material was held in bank libraries, the other designed to find out about bank files. In framing the library questionnaire we had the aid of Miss Marguerite Burnett, recently retired as librarian of the Federal Reserve Bank of New York, and a longtime friend of librarians at other Federal Reserve Banks; most of them meet annually at the convention of the Special Libraries Association. The questionnaire on files proved more difficult, but the returns have been rewarding. Both are described in the appendix report on banks.

### 3. Treasury Visits

Because the Federal Reserve Board was lodged in the Treasury Building for at least part of the time before the present building was finished in 1936, and because the operations of the two institutions have been so intimately related, we made inquiry about the location and disposition of Treasury files

related to the decades of Federal Reserve history. Mr. W. Randolph Burgess, Under Secretary of the Treasury and a member of this Committee, opened the appropriate doors for a general survey of Treasury material. Much more needs to be done in this sector, but at least we have made a start in finding out where Treasury material of potential interest to students can probably be found.

### Paper Hunts and Handling

The search for pertinent private papers, which from the start has been one of the primary objectives in this project, has continued to occupy a regular part of staff time. We now have reports on the whereabouts of 94 collections, with some indications of their size and their condition. (A complete list is appended.) In one instance (the Carter Glass Papers) we have a selective inventory of material which concerns the Federal Reserve System, and in several others we have obtained permission from the Library of Congress to copy their registers.

Our latest valuable find is the important collection of Owen D. Young, who served on the Board of Directors of the Federal Reserve Bank of New York in various capacities from 1923 to 1940. These papers are arranged with care and housed in a steel vault at Van Hornesville, New York. They have been surveyed by the director, and we are assured that they will be made available to properly qualified students able to go and work there.

As noted, in the Secretary's report, the Committee has, in several instances, played a leading role in rescuing valuable papers, and bringing about their transfer from casual family storage to a library where they will be properly arranged and catalogued for scholarly use. Committee members may remember that the Ogden Mills collection was, after Committee intervention, moved from a Long Island garage to the Library of Congress. With Committee aid in the earlier stages, the Goldenweiser papers have been transferred to the same depository. The Fred I. Kent papers were saved from destruction and given to the Princeton University Library where they are to be housed in the section on International Finance. The Frank Vanderlip papers, now stored in the family garage at Scarborough, are being invited to Columbia University by the Director of Libraries of that institution. The saving of these collections for scholarly use will benefit students working in many sectors of financial history.

When this project was first proposed, the Committee anticipated the need for considerable work in organizing, arranging and cataloguing the collections of papers it hoped to find and in analyzing their contents for scholarly use. Toward these ends, two experiments were tried. Again, the Committee may remember that the papers of Senator Carter Glass, "rough sorted", boxed and put on deposit in the Alderman Library of the University of Virginia, were without index of their contents. Interested students had to go through the whole collection in order to know what of interest it might offer them.

In the summer of 1954 Dr. Elbert Kincaid, distinguished economist, then head of the Economic Department of the University of Virginia, for years Economic Advisor of the Federal Reserve Bank of Richmond, was given a sub-grant to make an inventory of the Glass papers, with particular reference to Federal Reserve material. That inventory was delivered as finished in October 1954. Its list of the pertinent contents of 423 boxes occupies 614 mimeographed pages.

Six copies in ring binders have been given to the Library at the University of Virginia. Thirty-seven more await distribution by this Committee. Such distribution awaits Committee decision as to whether this scholarly aid should be used in its present form, or held for eventual publication.

The second experiment was carried on with the aid of the National Records Management Council which undertook to set in order two small collections as examples of the kind of work they might do on larger groups of papers. This taught us more about modern techniques in archival practice, but it too promised to be very expensive.

In the end, and after consulting experts in the Library of Congress, the Harvard Business Histories Group, the National Archives and the Ford Archives on the handling, processing and arranging of important papers for scholarly use, Committee members came to the conclusion that rather than commission the arranging and cataloguing of papers on its own account, efforts might better be spent in persuading their owners to move them to a qualified library which would then undertake the processing of these collections according to its own rules and system.

The Committee therefore on May 24, 1955 adopted the following points of policy for making recommendations:

- (1) Papers which have belonged to a man of national stature, active in the political scene, should be made available to the Library of Congress provided that the institution shows an interest in acquiring them;
- (2) Papers belonging to a man who has had, or whose family has had, marked affiliation with a specific college or a particular region should be offered to the library of that college if properly equipped to handle them, or to the properly equipped library of a college in that region;
- (3) Papers belonging to a New York financier should, if not preempted under the two earlier provisions, be regarded as available for the Columbia University Library, which has come, under Committee urging, to consider the establishing of a new manuscript collection of financial and monetary papers.

The Columbia plan is highly interesting but still tentative. The Committee, searching for a library in the New York region where the papers of financiers who had made the great metropolitan money market famous could be studied, discovered that no such center existed. Convinced of the value of such a center, sure that the time to set it up was now, before more collections should be dissipated or destroyed, the Committee secretary arranged for a series of conversations with Dean Courtney Brown of the Columbia Business School and Dr. Richard Logsdon, head of Columbia's libraries, Columbia now seems eager to establish a fine manuscript collection in the field of financial and monetary problems. To acquire, arrange and service such a collection, they would need a fund of \$35,000.

The Committee, after extended discussion of the plan, has decided that, while in view of the size and importance of the problem the sum is entirely reasonable, they cannot themselves set aside so large a proportion (more than 10%) of their own funds for the needs of a single institution or a single

sector of the entire project in which they are engaged. The plan is therefore in abeyance until autumn when other solutions to the problem of funds may be sought.

### Card File Building

The making of master card files, started during the pilot phase as a primary aid to research and so planned that they could be duplicated for scholars elsewhere, is in various stages of near-completion.

✓ Biographic cards now record essential data for 1,450 individuals who have played important roles in the System. These men include senior officers of the regional banks, directors, government officials, academic consultants and so on. The staff continues to refine and add to this file, as to the others, but 75% of the work has been completed, and 15% of what remains is clerical in nature. It is out of material compiled for this file that the data used in the study of age, length of service and career background of officers and directors, appended to this report, has been assembled.

A sub-file of 550 cards has been built to give necessary career and achievement data for economists and monetary historians who have been suggested as participants or consultants in this project. These are at present classified according to field of interest; the file needs duplicating to allow for alphabetic arrangement and quick reference.

✓ The bibliographic file, to which a part-time staff member devotes complete attention, now contains some 7,000 items and is still growing. This is planned to provide basic material for the definitive bibliography projected as one of the works to be published. It promises to be particularly valuable in the field of periodical literature on Federal Reserve matters which contains important academic and professional comment and analysis, and for which no comprehensive guide exists. Miss McKinstry has worked on it some 600 hours during 1954-55, but it cannot be regarded as more than one-third finished.

The chronological file is perhaps three-quarters complete. For each year from 1914 through 1954 we have recorded on file cards for the purpose of quick reference the following categories of information:

- Names of President, Secretary of the Treasury, Comptroller of the Currency
- Names of members of Banking and Currency Committees in House and Senate
- Names of members of the Federal Reserve Board
- Names of members of the Federal Advisory Council
- Names of members of the Federal Reserve Open Market Committee
- Names of officers and directors of the 12 regional banks
- Chief Congressional hearings affecting the System
- Legislation affecting the System

✓ Three other categories are in process. "Important court decisions affecting the System" are now being analyzed and listed for us by kindness of Mr. George Vest, Counsel of the Federal Reserve Board. "Policy Actions of the System" is almost completed. "Events influencing or surrounding System action" is still in progress.

All these research aids are, of course, available to students working on phases of the project. Dr. Lester Chandler is the first to make use of them, and his use of them is helping in turn to test their value. His report assures us of the value of these card files.

### Interviews

From the beginning the Committee has laid heavy stress on the value of interviews with older men who had good memories and were interested in reliving their early days in the System for the benefit of those working on this project. A year's experience, added to that gained in the pilot project, makes it possible to look at the interview process more closely, to analyze its values, and to make recommendations for the future.

Three types of interviews have now been developed. The first is the interviewing of a retired official for the purpose of finding out what events or impressions in his years of service stand out most clearly in his memory. This had in the beginning a triple value - it made textbook accounts come alive for your director, it provided suggestions about other people who might usefully add to the record, and it created a reciprocal interest which has led to contributions in the forms of papers, memoirs, etc.

The second type, the bank interview, is a variant of the first, in that it deals with people still active; it leads toward the sketching of what might be called a historical profile of each of the 12 Federal Reserve Banks.

The third type is the group or conference interview, of which the Committee held two at Princeton, the first in November 1954 with the participation of three consultants (Dr. Karl Bopp, Dr. Lester Chandler, and Dr. Elmer Wood), the second in January. This has proved very valuable in contributing new material as in getting at the sources of controversy and the process of decision. It has possibilities which we hope to explore further.

All three types of interview have been recorded and made part of the Committee's material. The first two types were, with one exception, taken down as pencilled notes, then dictated and transcribed, labelled "confidential" and filed. The exception was a pair of interviews with Mr. Leslie Rounds, formerly Vice President of the Federal Reserve Bank of New York, in which we tried using a tape recorder with less success. The third group, the conference interviews, were taken verbatim by a stenotypist, distributed to participants and corrected by them.

In evaluating these interviews and these processes, it should be remembered that while the interviewing was done by one experienced in that process, the statements in them have not yet been checked. The transcripts rank as part of the raw material needed in this project, to be used with caution and only after extensive cross-checking.

In this framework they are very useful. On the other hand, if they are regarded as elements of "oral history," their importance becomes arguable. Procedures adopted by the Harvard Business Histories Group and by the Oral History Project under Dr. Allan Nevins at Columbia University have raised questions about note-taking as a way of recording interviews, and have laid heavy stress on the tape recorder which takes down every word and the trained transcriber who edits out unnecessary words as she types. Whether or not this



judgment is accepted, the fact that the new processes exist lays an extra burden of caution on those who still use the old for research purposes.

At their best, the new processes make possible a verbatim record of an interview-in-depth, taken down after a vast amount of preparatory work has been done by both the skilled interviewer and the forewarned subject. On a lower level, they offer little or no improvement over note-taking. They are very expensive processes. That they are not always successful is suggested by the recent comment of a critic who concluded that "Oral history reminiscences can be worthwhile, but only if they are prepared with educated care and used with scholarly caution".

The lesson for this project would seem to be threefold: first, the interviews with individuals thus far taken and transcribed are valuable in recalling events and the atmosphere in which they happened, in contributing detail, in recreating the sense of personalities long gone but important in System history. They also suggest the wisdom of further inquiry on certain points sometimes believed to be settled. On the other hand, subject as they are to the frailties of human memory, they seldom can be taken as providing the absolute truth or the final work in a complicated controversy.

Bank interviews have also been subject to some of the same difficulties, but have almost always led to the discovery of further material. Here the need for personal contact and the establishing of confidence has been as great as in the earlier type. No matter how good the introductions - and ours have been of the best - it is only in individual conversation that the past begins to take shape as men reach back into memories long untouched. Correspondence may be useful as a follow-up, but it will not do the job of a face-to-face discussion.

For 1955-56 your director would like to suggest that new interviews be chosen with more care, that second interviews-in-depth be held where first interviews indicate the existence of memories so rich that they call for further exploration, and that major stress be laid on group or conference interviews of which the two Princeton conferences were important examples. These group conferences can achieve a quality and depth of recall which is seldom won in a general interview. They are particularly valuable in re-creating and clarifying the quality of a controversy concerning which official records show only the unexplained outcome.

The interest of the Committee itself in these group interviews is lively, and more of them have been approved in principle. They result in records valuable to the student of central banking history in the United States. At least three of them could well be included in the plans for 1955-56.

### ✓ Writing

The reason for this archival and research work is, of course, the acquiring and organizing of information basic to the scholarly writing which is the core of this project. It is in the anticipation of monographs and the history that the paper chase, the interviews, the laborious business of file carding all come alive.

## Monographs

During most of 1954-55 the central stress of the Committee's efforts lay in securing the historian who would tackle the definitive history itself. There was, however, one monograph for which arrangements were made very early. This is the biography of Benjamin Strong, Central Banker, which Dr. Lester Chandler of Princeton University started in September 1954, on which he has been working throughout the year. His first report on the progress of that work has been made to the Brookings Institution and a copy is on file with this Committee. He expects to finish the bulk of his research by September of 1955, and to begin writing then. Three years is the estimated time for the book's completion. No arrangements for publishing have as yet been made.

Other monograph plans await decision and commissioning. The staff has done considerable preparatory work in collecting suggestions for subjects and data concerning possible authors. It is hoped that this may be in print in the near future. *implemented*

## Committee Organization

When the Rockefeller Foundation granted the Committee's proposal in the spring of 1954, the following names of Committee members were attached to that proposal: Allan Sproul, Chairman; W. Randolph Burgess; Robert D. Calkins; William McC. Martin, Jr.; Walter W. Stewart; Donald B. Woodward. All these men were experienced in the monetary field, and actively interested in the development of economic studies. To widen the scope of interest in the Committee, they invited Dr. Joseph Willits, with wide experience in the field of social science, and Dr. F. Cyril James, financial historian, to join the Committee; the two scholars accepted membership in it, and have added strength.

Association with the Brookings Institution has been strengthened in the regular process of working together. The association has value for both groups; the counsel given this ad hoc Committee by the more experienced institution, in matters of policy as well as in bookkeeping and budgetary matters is a sturdy and continuous contribution to the progress of the program.

The Committee's expectation was that Mr. W. Randolph Burgess would have general supervision over this project and would himself undertake some of the writing assignments which the Committee contemplated. Then, as the Secretary's report indicates, it became obvious that Mr. Burgess must continue serving the Treasury as Under Secretary in charge of Monetary Affairs. Under those circumstances, and until a substitute of equivalent stature could be found in the person of the historian, the work of the staff has been supervised by an executive sub-committee composed of the Chairman, the Secretary, Mr. Burgess and Dr. Calkins, who have been as generous with their time as they are astute in their judgments.

## Staff

The daily work processes have been in charge of Miss Mildred Adams, who acted as research director of the pilot project and on March 1st was made executive director. From June until September 1954 she had the part-time help of Miss Katherine McKinstry (acting thus in intervals when Dr. John Williams, for whom she is secretary, was not in New York) and the typing assistance of

Miss Lois Krebs. Both of these were loaned by the New York Federal Reserve Bank. On September 9th Mrs. Ellen Singer was added to the staff to serve as executive assistant and secretary. On November 1st Miss Irma Burstein was employed as stenographic secretary, and Miss Krebs went back to the Bank.

Meanwhile, three people have worked in our offices on special projects: Miss McKinstry from June to September worked as assistant for the part-time equivalent of six weeks, and from September to June worked 413 hours (or ten weeks) on the bibliography project; Miss Burnett worked eight months part-time (or four months full-time) on the archives project; and Dr. Chandler worked at his own pace on the life of Benjamin Strong.

These, in addition to Miss Adams, make the office sound amply staffed. However, analysis shows that omitting Dr. Chandler who was occupied with his own projects, the regular office force throughout the year adds up to less than three persons, while the two part-time workers on special projects for office use together worked the equivalent of 29 full time weeks, or slightly more than half a person on full time.

In addition, we borrowed (and paid for) 640 hours (sixteen weeks plus) of typing aid from the Bank.

Complicated as this staff situation may look, we believe that this small office, given the special skills it needs, has operated more economically this way than if we had tried to get the same work done by hiring four full-time employees. The ability to borrow (and pay for) typing help from the Bank's pool when and as we need it is a real source of economy as well as an aid to peace of mind.

### Quarters

When the pilot project was begun in January of 1954 the Federal Reserve Bank of New York housed the staff rent free in a pleasant working room on the 8th floor into which desks, a table, a bookcase and a file cabinet were fitted. That arrangement continued into the first months of the longer project. In November 1954, after the staff had been reorganized for the longer life of the main project, the Bank made available a suite of three pleasant and efficient rooms at the eastern end of the 11th floor. These quarters provide a private office for the director, a research room with three desks and file cabinets, a reception and clerical office. They have the double advantage of being within the Bank so that various Bank services are still available, and sufficiently set apart from Bank operations so that the independent status of the Committee is clear. They are sufficiently spacious and flexible so that they should serve Committee needs in 1955-56 without change if the Bank continues its generous permission for their use.

Respectfully submitted,

Mildred Adams  
Executive Director