

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

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

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

August 26, 1955

Dear Don:

Here are three copies of a draft of a letter which I am suggesting that you send to all Committee members except Walter and Bob. The first participated in the Princeton conversation, but has not seen the report prepared for the Foundation with its decisions drawn from that conversation. You may want to make some shift of phrase on that account. Bob has seen the document and approved - you may want to note that. The three copies will allow of deviations.

Mail being what it is, you will probably not receive these until Monday. If you can post them back to us Monday night (an envelope is enclosed), we can prepare them for your signature. I shall probably have to sign them here as we have not time to get them to you and returned.

I am pushing to get these typed and out to Committee members by the 31st, which means they will be received before the Labor Day week-end. This depends on the kindness of the Bank's typing pool, so there is an element of uncertainty, but they will surely be out by the end of the week. I had earlier hopes, but it seems impossible to delegate the actual writing of the report, and I have never learned to work fast at any writing chore that was fussy.

You will also find a finished copy of the "Progress and Plans" which you may keep - it is the longer report with its appendices which holds us up.

My own plans are to take September off, mostly in Westport and with lapses. I will be available when needed, except from the 10th to the 17th when I go for a week in upper New York State.

Hope you are feeling rested, and that Maine continues to charm as well as to refresh. As for us, just pray that Edith stays off-shore and Connecticut will survive. River valley towns to the north may not be quite as badly off as newspapers paint them, but I'd hate to see them have to face another tropical deluge quite yet. As for Westport, we escaped with no more than a flood on the lower lawn. Tell Jean her spider plant and nicotiana are our joy.

Best to you all,

Mildred
Mildred Adams

Mr. Donald B. Woodward
Squirrel Island Inn
Squirrel Island, Maine

August 11, 1955

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

Dear Mildred:

I have held the enclosed two letters that you sent me on May 9 awaiting an inspiration and none has come. I just haven't a good idea to get to them.

If we are able to go ahead with Logsdon it seems to me that the approach from him might be the best. Therefore, you may want to hold them until that issue is resolved.

In any event, let's don't forget these for both men should be quite important.

Yours,

DBW:lm
The above letter was dictated
by Mr. Woodward but typed
during his absence from the
office.

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With cooperation of

THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

May 9, 1955

Dear Don:

Most of the letters which came in response to the form letter sent out to older veterans of the System could be answered from this office, but there are one or two which I think would be the better for your own personal reply. One of those comes from Mr. Leffingwell, the other from Mr. Broderick. I am enclosing both of them.

The situation in regard to Mr. Leffingwell is that, as he says, he talked with me and had a collection of his speeches bound for us. He also told me that he had kept no papers, by which I assume he means diary or journal.

Later, I found out in Washington that he had taken away twenty-five letter press volumes from the Treasury when he left, and taxed with this, he remembered that they are probably in the basement of his house.

If somehow Mr. Leffingwell could be persuaded to contribute those volumes to this study, we might find some invaluable material. The difficulty is that it is a vain endeavor to try to trace other copies of the same thing in the Treasury files. Those files are scattered and difficult. Some of them have gone to archives, some not. There is no central filing system and no central knowledge of where various things might be.

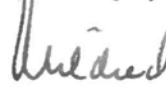
It is because of this background that I suggest you might have more luck in writing to Mr. Leffingwell than I had in talking to him. If you could broach the subject of the twenty-five letter press volumes in some way which would catch his attention and make him willing to let us have them, it would be a great help.

So far as Mr. Broderick is concerned, there is no such difficulty. The fact is that I know nothing about his papers nor whether there is anything outside of files which might be useful to us. He has talked to me once and has said he would be willing to talk again. The fault is mine that I have not gone to see him. He is, however, not a particularly helpful talker. He is extremely discreet so far as difficulties of any kind are concerned. Everything that happened was wonderful. Everybody who made it happen was the soul of honor, probity and ability. Thus far, no gossip, no illumination.

At the same time he is a distinguished and very experienced person, and if he has papers, I would hope that he would leave them to us or help us find a depository for them. He still has an office at the East River Savings Bank and a secretary. If his mind could be brought to the point where he would make a point of leaving his papers to us, whether he cleaned out his office and retired or whether he left some statement in a will, I would feel happier about it.

This is very bald and difficult, and you may not want to tackle either of these gentlemen. If not, I would simply suggest that you write them one of your most amiable notes of gratitude, and perhaps the more difficult requests may be possible at a later time.

Best as always,



Mildred Adams

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

Enc.

Conrad by telephone 8-8-55

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MILDRED ADAMS, *Executive Director*

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

August 5, 1955

Dear Don:

Here is a preface which amounts in fact to a summary report to the Committee and the Foundation. It is planned to be accompanied by a detailed report if you think that plan a good one. If not, we can do it any way you like. The more detailed report is in rough draft, *not included in this.*

Sorry to burden your week-end, but the 10th looms, and I would appreciate your advice on this way of handling it by Monday if possible.

Hurriedly,

Mildred Adams
Mildred Adams

Enc.

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

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

In the spring of 1954 the Rockefeller Foundation, taking notice of the results of a pilot project carried on by this Committee under a limited grant, accepted the Committee's proposal that a study be made of the history of the Federal Reserve System and for that purpose provided funds to carry the project for five years. The first of those five years having passed, the Committee thinks it fitting to present a review of what has been done, what plans have gone awry, and what changes in the program seem to be indicated by the year's experience. This review is offered on the Committee's own initiative. The members feel that the changes suggested, while affecting neither the content nor the purpose of the study, are of such nature as to warrant a request for consultation and for reaffirmation of approval on the part of the Foundation. If approval is not forthcoming, the Committee would expect to return funds unexpended after commitments now operative are concluded.

In presenting this review of the first year's work, the Committee points with pride and pleasure to the quality and extent of cooperation which the System itself is according this study by an outside staff. This cooperation has taken many forms, from the open doors and thoughtful assistance rendered in Washington to the welcome accorded the Committee's director in Atlanta, Minneapolis, San Francisco and all the other regional banks. Officers have granted interviews, employees have searched out information with unflinching courtesy and interest. The staff's daily work in the

comfortable offices provided free of rent by the Federal Reserve Bank of New York is made easier by courtesies on the part of the Bank staff who mend our typewriters, buy supplies for us, lend us library facilities, furnish emergency typing aid, allow us to examine old files and, in general, combine for us the best features of treatment as honored guests and as members of the Bank family.

That this type of assistance has greatly facilitated the work of inquiry into the research material which might be available to properly qualified students goes without saying. It also constitutes a substantial contribution to the project.

At the same time, the Secretary would like to pay tribute to the quality and extent of interest shown in the project by the very busy men who make up the membership of this Committee. This is in the best sense of the word a working group, responsive to every request made by officers or staff members, willing to make room in crowded schedules for meetings, alert to requests for consultation by telephone or personal conference. In addition to attending business meetings, these men have given up two Saturdays for full-day group conferences at Princeton, and they show every desire to contribute to the project whatever is asked in terms of time or thought. As they are themselves men of considerable experience in the theory or practice of Federal Reserve operation, the ability to draw on this reservoir of knowledge gives the project a rare distinction.

The Proposal which elicited the grant included a plan for work in three fields. The Committee planned to engage in Archival

+ wish
internal
others on
all fields

and Research activities which were described at some length, to undertake the commissioning of Major Works in two categories, and to engage in the Editing and Publishing of pertinent Documents. This third enterprise was seen as arising out of the other two and therefore as not active in the early stages of the project. For this reason, it is given only passing attention.

As will be seen in the appended report, the achievements of the Committee staff in the field of Archival and Research activities are considerable. Not only has a sound basis been laid in collecting and arranging essential material which will be useful in various aspects of this study, but the continuing discovery of private papers and the collection of memories by interview is greatly enriching the whole field of documents available for research purposes in this area.

At the same time, the ground has been laid for research into the early records of Banks and Board by personal visits of the director and by questionnaires which will make it possible to coordinate information as to what historical material is kept in libraries and files, how it is kept, and how long it may be available. It seems probable that no outside committee, lacking what might be called official status, has ever been given such valuable cooperation by these financial institutions.

These Archival and Research activities are by no means finished. By definition such labors expand in depth as a project of this type grows. They are, however, so well in hand that in the second year they need no longer occupy a major part of the director's attention.

*and already
said something
would have
for him last
forever*

The Archival and Research activities were planned to lead into and feed the second category, Major Works. These were described as taking two main forms, a series of monographs on various aspects of the System and a definitive and comprehensive history. The latter has been, in the minds of Committee members, the core of the whole project, and the object of their primary interest.

When the Proposal was made a year ago, we said that, "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."

We were then assured, and we so informed the Foundation, that Mr. W. Randolph Burgess, then Deputy to the Secretary of the Treasury and now Under-Secretary in charge of Monetary Affairs, would occupy this post when his work at the Treasury was completed. The intervening year has made it clear that while Mr. Burgess' interest in the project has not flagged, his work at the Treasury has grown more, rather than less, intensive; in any foreseeable future we cannot expect from him active participation in anything other than the regular Committee meetings.

When this change was borne in on the Committee, they began at once to seek a replacement for Mr. Burgess who should bring to the project talents and reputation of an equivalent order. They found, however, that scholars of this rank make their commitments far in advance, and they must now report that thus far they have not been able to find anyone fitted for the post who could accept it within a short enough period to make probably the completion of this difficult

*How many
+ describe list
with names*

task within the five years set by the terms of the grant.

It really started here

Faced with this unhappy situation, the Committee then turned its attention to the monographic phase of the project, in the hope that it might be possible to select a series of subjects, and find for them authors, which together would provide an adequate covering of the most important points in the history. Dr. Lester Chandler of Princeton was the first to be engaged and he is now at work on the biography of Benjamin Strong, Central Banker. If half a dozen other men of equivalent caliber could be secured, the Committee could know that, while "The Historian" was still to be found, the monographs were well under way.

But much of money considered

However, here too the time element was impropitious. The planning and commissioning of a complete pattern of monographs, like the finding of an historian, has not been possible within the first year.

The Committee comes then to the end of the first year with considerable accomplishments in the Archival and Research field, with one major monograph under way, with plans for other monographs and for the history, on which they had hoped to report progress, still unfulfilled.

The nature of this experience is such as to persuade the Committee that one of the governing reasons for the Foundation's approval of this project - namely, the need for restudying the history of the System - carries with it certain obligations for which we have thus far no adequate provision. Our inability to find within the first year an economic historian of sufficient stature who was free to undertake the work of writing the comprehensive history, and our

further inability to commission in the same period an adequate set of monographs emphasizes these obligations. Ours is not the first group to find the supply of economic historians limited. We had, however, expected to find more interest in monetary matters than we have thus far discovered.

The response has been so barren that we now propose to re-design our project so as to include a program for developing an interest in the study of Federal Reserve history among younger monetary economists with historical leanings. This enterprise would take the form of a seminar at Brookings, to which young monetary economists who had shown recognized writing ability would be invited. Leaders of this seminar would include Committee members and other monetary experts of high caliber. An effort to arouse interest in System problems and to inspire the ambitious to write and publish in this field would be the key to the undertaking. The planning of written work in this field would be a requirement for attendance.

Design for the second year

Having this new enterprise in mind, as well as the history and monographs which are still our chosen product, we would go forward in the second year with the following undertakings.

1. Archival and Research activities to continue, with special attention to group conference-interviews of the type which proved so valuable at Princeton.
2. Enlisting of interest among the young, to the end of discovering new monograph writers, by means of a high level seminar

*Conference
to all
of us
in a
research
class
study
& who*

at Brookings to which young monetary scholars who have shown writing skill will be invited.

3. Constructing and commissioning of a pattern of monographic studies which would cover the chief aspects of System history and problems, with the understanding that the hunt for an historian of the first caliber would continue, and that the definitive history would be commissioned once he is found.

4. Postponement to the third year of any action on what was originally the 3rd section of the Proposal, namely the Editing and Publishing of Pertinent Documents.

The Committee members would be grateful for Foundation consideration of this revised plan. We think it holds promise of progress for the project, and we hope for agreement in this belief.

Donald Woodward
Secretary

August 3, 1955

Miss Mildred Adams,
33 Liberty Street,
New York, New York.

Dear Mildred:

I think I commented orally on your question of July 13 about the form for reports to bank visits. If I neglected to do so I should say that the form looks useful to me for work sheet purposes. There is more detail than would likely be wanted by the Committee.

Cordially,

DBW:lm

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

July 13, 1955

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

Dear Don:

As I go over the reports of bank visits, which have been spread over a year's time, I realize how much I have learned in that year. The later the visit, the better the record. There are still great holes to be filled, and if I am allowed to do a monograph on the value of the regional aspect of the System it will be necessary to make another set of visits.

However, what I have must now be coordinated into the form of a report. In thinking about that form I have constructed the enclosed skeleton outline. Would you take a look at it, and let me know whether this would seem useful if the necessary flesh is put on these bones?

Also please look especially at the measures of size; I wasn't quite sure whether the two categories proposed would be technically acceptable.

Thanks for a quick reaction.

Best, as ever,


Mildred Adams

SKELETON OUTLINE FOR REPORT ON TWELVE REGIONAL BANKS

I. BASIC DATA

Name of Bank
Name of President
Number and location of branches
Size of Bank
District Number
Name of Chairman

Service terms
Area covered
Population served
Number of Member Banks

Financial terms
Paid-in Capital
Total Assets
Annual Earnings
Capital of Member Banks

II. RECEPTION

Date of Visit
Received by
Guided by
Persons Interviewed

III. VALUES FOR HISTORY PROJECT

A. Particular characteristics of district
B. Particular characteristics of Bank
C. Years of greatest interest
 To present officers
 To historian
D. Subjects or fields of greatest interest
 To present officers
 To historian

III. VALUES FOR HISTORY PROJECT (cont.)

E. Special developments or contributions to the System in terms of

1. Men
2. Policies
3. Operations

F. Facilities for Bank and System history research

1. Library
2. Files, active and inactive
 - Impact of Destruction Schedule
3. Memories to be tapped
4. Private papers to be sought
5. Pertinent Bank studies
6. Publications of historical interest

IV. DEGREE AND QUALITY OF INTEREST AND COOPERATION TO BE EXPECTED FROM

President

Officers

Directors

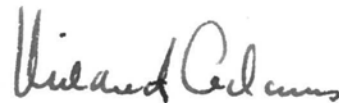
Staff

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

August 2, 1955

TO: Messrs. Allan Sproul, Chairman
Robert D. Galkins
Walter W. Stewart
Donald B. Woodward, Secretary ✓

At the meeting in Princeton a few weeks ago someone asked about the progress being made by Dr. James in the editing of Robert Warren's papers. I offered to write and ask how things were going. The enclosed copy of the reply from Dr. James may interest you.



Mildred Adams

COPY

Principal and Vice-Chancellor
F. Cyril James

McGill University
Montreal, 2

July 27th,
1955

Dear Miss Adams,

It is not your sins of omission in reading but mine of delay in writing that are at fault. The job of editing Robert Warren's papers in publishable form is by no means easy because, not unnaturally, a great deal of what he wrote was significant only for the date at which he was writing it and would not I think make interesting reading, except for a few of his friends, at the present time. Even under the original agreement with the Rockefeller Foundation I did not expect to finish the job until December 31st, 1955 and I am now inclined to think that it will carry over until the summer of '56. I might add that if additional material comes in the volume may be still more delayed but I hope not very seriously.

With renewed good wishes, I remain,

Cordially yours,

s. F. Cyril James

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

August 1, 1955

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

Dear Mildred:

In thinking further about the conclusions reached in Mr. Sproul's office, I rather doubt now that it is necessary to talk with Joe Willits, Riefler or others in advance of the draft. After all, the draft of the report to the Rockefeller Foundation will be sent to them as a chopping block and with a request for their guidance not only on the report itself but upon procedure. Why ask them the same questions in advance of their getting the report?

By the way, I believe our conversation about the apartment was interrupted and never finished. If there is any doubt in your mind, may I reaffirm our possible interest.

Cordially,

DBW:lm

August 1, 1955

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

Dear Bob:

I also thought our Princeton meeting fruitful. As you doubtless heard from Mildred Adams, Allan Sproul approved our proposal. Miss Adams is making a draft of a report to the Rockefeller Foundation which will be circulated to all members of the Committee for their comment, correction and information. The intent will be to get this all completed soon after Labor Day and for you and me thereupon to seek out Norman Buchanan. Does this seem reasonable to you?

I cleared the matter with Randolph Burgess on the telephone as he will be unavailable until the latter part of September. We will, of course, want to be particularly sure to have Joe Willits guidance. This as well as the thoughts of everyone else can be obtained when the draft is circulated it seems to me.

Howard Ellis has some interesting suggestions indeed.

Cordially,

DBW:lm

Copy to: Miss Adams

TRUSTEES

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The Brookings Institution

Washington 6, D. C.

722 JACKSON PLACE, N. W.

July 22, 1955

HONORARY TRUSTEES

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Executive Manager

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

Dear Don:

I thought we had a good meeting yesterday and accomplished something worthwhile, even though we are not yet in a position to make very specific monographic recommendations to the Committee or to the foundation.

When I returned to the office I found the enclosed letter from Howard Ellis, which I send on for your information.

I shall be around most of the time during the latter part of July and will try to attend the meeting if one is necessary, but I hope we can proceed without a meeting at this time.

With very best wishes,

Sincerely yours,



President

Enclosure

UNIVERSITY OF CALIFORNIA

DEPARTMENT OF ECONOMICS
BERKELEY 4, CALIFORNIA

July 18, 1955

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

Dear Bob:

Thank you for your invitation, to which I respond that I would probably be interested in participating in the Federal Reserve project. I say "probably" because a conservative person going into a soda-fountain doesn't commit himself until he asks, "What flavors have you?" But I take it that you are enquiring about possible topics as well as about possible authors.

On this supposition, anyway, I have thought of what might be interesting themes. Assuming that you already would have a number of topics pertaining to (1) various periods of F. R. history, and (2) various more or less technical enquiries into phases of F. R. operations on money markets, I let my mind travel somewhat freely over a wide field. The results are as follows:

1. The Federal Reserve as a Model for the Establishment of Central Banks in Other Countries.
2. Federal Reserve Influence on Foreign Banking and Finance.
3. Ideas which Influenced the Original Constitution of the Federal Reserve, and Subsequent Ideological Influences.
(Currie and others have of course treated this theme).
4. A History and Critique of the Organization of the F. R. S.
5. A Legislative History of the F. R. S.
6. The Federal Reserve and Other Government Units.
7. Men Who Have Made Federal Reserve History.
8. The Evolutions of the Idea and the Functions of Central Banking in F. R. History.

Rather than hit upon one of these subjects as mine, I would prefer to have you consider them in the context of your general program, and either assign me one (or something which the list suggests to you) or give me a choice among 2 or 3. I do not know where my comparative disadvantages are least, and I would, in a way, feel a bit inadequate for any of them.

Cordially yours,

Howard

Howard S. Ellis
Professor of Economics

HSE:mem

The Brookings Institution

Washington 6, D. C.

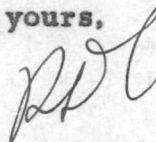
July 25, 1955

Dear Mildred:

I think the Minutes of the meeting as you have outlined them are correct, except for the several alternatives on page 1, at least as I outlined them. Number 1 would be to report the inability to proceed with the project as originally planned and return the unexpended funds. Alternative No. 2 would be to redesign the project as a series of monographic studies with the understanding that if the historian were found later, we might go ahead with the principal history. The third would be to redesign the program for the purpose of developing an interest among younger scholars in this field.

With very best wishes,

Sincerely yours,



President

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

cc: Mr. Woodward ✓

memorandum FROM THE DESK OF

Mildred Maroney
Mr. Woodward

TO _____

DATE July 21, 1955

I thought you might like to see this.

These preliminary surveys are subject to audit, both internal and external, but adjustments (if any) would be minor.

I will also supply at a later date a classified report of expenditures.

July 21, 1955

MEMORANDUM

To: Mr. Calkins
 From: Mildred Maroney

This is a preliminary statement of the status of funds for the Federal Reserve study. For reasons which are apparent below, there is no urgency about cash requirements for 1955-56, and I would a little prefer deferring request to Rockefeller Foundation until we freeze figures (in August). Also, budget for 1955-56 may be excessive?

GRANTS

R. F. GA SS 5404 (pilot project)....	\$10,000.00	
R. F. 54061	<u>310,000.00</u>	
Total (to be handled as a combined sum)		\$320,000.00

EXPENDITURES

1953-54	12,038.64	
1954-55 (preliminary figure)	<u>38,754.75</u>	
Total		- <u>50,793.39</u>
Unexpended balance of grants		<u><u>269,206.61</u></u>

PREPAYMENTS BY ROCKEFELLER FOUNDATION

1953-54	10,000.00	
1954-55 (budget for 1954-55)	<u>53,325.00</u>	
Total		63,325.00
Less Expenditures (from beginning to 6/30/55)		- <u>50,793.39</u>
Balance of prepayments, 6/30/55		<u><u>12,531.61</u></u>

CASH REQUIREMENTS, 1955-56

Budget as estimated May 13, 1955	65,000.00	
Less prepayments brought forward	<u>12,531.61</u>	
Cash Requirements, 1955-56 (?)		52,468.39

Committee on the History of the
Federal Reserve System

DATE July 16, 1955

TO D. Woodward

FROM W. Adams

REMARKS

The enclosed is in
response to a note from
Mr. Sproul saying he goes
on vacation Aug 1st and
anything needing his
attention must reach him
before then. We knew it,
but this recognizes it.

W. Adams

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

July 15, 1955

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

Dear Mr. Sproul:

Thanks for the word about your vacation plans.

The two activities about which you may want advance information concern the Columbia Library project and the Sub-Committee on Monographs.

Dr. Loghsdon and I are lunching with Mr. Woodward on Tuesday of next week (the 19th) to talk more specifically about possible collections which they might aspire to, if they had the money for handling. I don't know where we will get to, but this follows the dinner meeting last month, and will at least keep the subject alive.

The Sub-Committee on Monographs (Dr. Calkins, Dr. Stewart, Mr. Woodward) meets at Princeton on Thursday, the 21st, to consider a sizeable list of suggested people and suggested subjects. By that time Dr. Calkins will have talked with Mr. Saulnier and Dr. Howard Ellis, both of whom are on the list.

I am hoping that action may be recommended by that meeting. If so, Mr. Woodward will want to report to you before you leave.

One detail which has promise arose out of the lunch with Mr. Reyburn. We sent him a packet of yellow lined writing pads, and the first installment of his reminiscences is said to be headed our way.

I hope it will be a good vacation.

Faithfully yours,



Mildred Adams

✓ Copy to Mr. Woodward

Was this question answered?

Im

Yes, they were covered at the
last Princeton meeting.
JH

July 12, 1955

Memorandum to: Dr. Robert D. Calkins
Dr. Walter W. Stewart
Miss Mildred Adams

Attached is a note from Charlie Kindleberger suggesting another name.

Mr. Sproul's suggestion of Despres is interesting, but the man has a reputation of inability to turn out manuscript. I wonder, however, if he is desirable enough that, considering his availability, we should provide him with a writing collaborator.

Dr. Calkins is proceeding with explorations with Sauhnier and Ellis. Do you think that for the revised program Louis Galantiere might be reconsidered? You will recall that he was considered as a possibility for the major historian but regarded as not quite suitable. Would this question apply to a monograph?

J. H. Riddle is now living in retirement here in New York having completed his tenure at the Bankers Trust Company last December 31. You recall that he did major studies for the Federal Reserve Board and for the New York State Bankers association and was in Germany with the Dawes Commission. I have no idea as to his interest in trying a monograph but wonder what you would think of raising the question with him?

John Langum was mentioned with some favor. At least in the past he has traveled around considerably and might well be in New York or Washington over a time. If we are disposed to think him a possibility, should I get in touch with him now?

Cordially,

DEW:lm

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

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

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

July 6, 1955

**TO: Messrs. Calkins
Stewart
Woodward✓**

Emile Despres of Williams College dropped by today to say hello and told me that he has a sabbatical year coming up which will free him from teaching for nearly a year and a half. I asked him if he would be interested in taking some part in our project. He said that he has one or two other irons in the fire, involving some residence abroad, but that if these cool off he would be very much interested in working on some aspect of the history of the Federal Reserve System.

I am sending his name along to you post haste because I think he would be an admirable catch. As you probably know, he has worked for the Federal Reserve Bank of New York and for the Board of Governors in the past and has a combination of practical and theoretical knowledge of the workings of the Federal Reserve System which is rare.

If our principal need is now men, here is a man.

Yours faithfully,



**Allan Sproul,
Chairman.**

July 5, 1955

**TO: Messrs. Burgess
Calkins
James
Martin
Stewart
Willits**

Last Thursday evening Miss Adams, Mr. Woodward and I met with Dean Courtney Brown and Dr. Beckhart of the Business School, and Dr. Logsdon and Mr. Baughman of the Library of Columbia University to discuss the availability of that institution as a repository for original documents and manuscripts relating to the history of the Federal Reserve System which we might uncover, and which do not seem to flow naturally to the Library of Congress or to some other institution with particular claims upon them. I think it is fair to say that the Columbia University authorities are enthusiastic about the idea, envisaging it as part of the development of a great financial library and source of original material for study by graduate students and scholars of the nation and the world.

As usual, however, the question of financing such an undertaking proved to be an obstacle to consummation of an arrangement with Columbia. The University says it has no funds in its regular budget which could be diverted to this purpose. We told the University that our funds are largely earmarked for the use of scholars in studying the history of the Federal Reserve System and preparing essays, monographs or books concerning it, and that we only have a modest sum allocated to the location and preliminary development of original source materials.

It was the opinion of the Columbia people, based on estimates of the librarian and archivist, that the project could be undertaken with about \$35,000 in hand and maintained in perpetuity with perhaps another \$45,000 or \$50,000. It was the view of the group that Mr. Woodward for the Committee and Mr. Logsdon for Columbia University should consider possible ways and means of seeking a grant for the initial amount from one of the private funds interested in such matters. It was understood, however, that no approach would be made to a fund until Mr. Calkins and Mr. Woodward of our Committee have made a report on the progress of our whole undertaking to Mr. Buchanan of the Rockefeller Foundation, and have mentioned this matter to him.

July 5, 1935

I hope that you concur in the action of your representatives in these negotiations with Columbia University. If you don't, however, it is not too late to say so.

Yours faithfully,

ALLAN SPROUL

Allan Sproul,
Chairman.

July 12, 1955

Mr. C. P. Kindelberger,
Massachusetts Institute of Technology,
Cambridge 59, Mass.

Dear Charlie:

This letterhead will let you know of my new location.

Many thanks for your note about Salant. I shall pursue the matter with other members of the Committee.

Do let me see you when you come this way.

With best regards,

Cordially,

DBW:lm

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

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

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

July 12, 1955

Dear Don:

I called Dr. Calkins yesterday to ask for whatever information Brookings might turn up about three younger men whose names had been suggested, Irving Brecher of Northwestern, Philip Bell of Haverford and Ross Robertson of the Federal Reserve Bank of St. Louis. He will ask questions and report reactions.

He said that he was planning to see Mr. Saulnier this week. His intention of phoning to Ellis had been shifted by a feeling that work of this kind might be done more cheaply in California than in the east, and he therefore decided to write to Ellis instead of phoning. My original information was that Ellis wanted to leave California, but this consideration may be minor. At any rate, if we can set a date for a meeting in July or early August, I would hope that all these odds and ends could be gathered together. On the latter detail Mrs. Singer is phoning your secretary.

Best as always,



Mildred Adams

P.S. Since I wrote this, the meeting has been set for Thursday, July 21st, 1 p.m. at the Princeton Inn. Presumably Bob will have all this by then, and I will have "a little list."

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

c.c. - Dr. Walter Stewart

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
DEPARTMENT OF ECONOMICS AND SOCIAL SCIENCE

CAMBRIDGE 39, MASSACHUSETTS

July 5, 1955

Mr. Donald B. Woodward
Mutual Life Insurance Company of New York
1740 Broadway
New York, New York

Dear Don:

I mentioned the subject of your call to Walt Rostow and he produced what I consider to be a very useful suggestion. Bill Salant, who is distinguished from his brother Walter by the first name and middle initial (William S. Salant vs. Walter A. Salant), is an old friend of ours who recently left MSA and has been doing some teaching at Brandeis University while finishing a long neglected doctoral dissertation at Harvard. This is reported to be under way. Bill worked for the Federal Reserve Board in Washington before the war and has been in the State Department and the foreign assistance agency for the most part since.

Salant is a first-rate international monetary economist. I don't know if you remember his pioneering article on "Foreign Trade Policy in the Business Cycle" which is reproduced in the American Economics Association's "Readings in the Theory of International Trade." The only question one has about him is whether he is so much of a perfectionist that he is unable to get his work through the final stages of production. As you may know, this is a fairly common failing in academic circles and there is a frequently high correlation between intellectual ability and incapacity to get out the wash. But when Salant does produce it is really first class. His address at the moment, if you want to communicate with him, is 68 Sparks Street, Cambridge, Massachusetts.

It was pleasant to talk to you. With best regards,

Sincerely yours,



C. P. Kindleberger

CPK/es

July 5, 1955

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

Dear Mildred:

Charlie Kindelberger, as I told you, spoke highly of Rostow but doubts his availability. Kindelberger suggested the name of William Gates at Williams and Arthur Bloomfield at the Federal Reserve Bank as meriting consideration, the latter particularly in connection with foreign activities of the System.

Yours,

DBW:lm

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

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ALLAN SPROUL, *Chairman*

W. RANDOLPH BURGESS

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MILDRED ADAMS, *Executive Director*

With cooperation of

THE BROOKINGS INSTITUTION

722 JACKSON PLACE, N. W.

WASHINGTON 6, D. C.

July 5, 1955

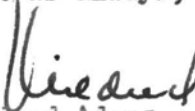
Mr. Donald B. Woodward
Vick Chemical Company
122 East 42nd Street
New York 21, N.Y.

Dear Don:

Mr. Sproul has sent down a letter just received from Dr. Willits in reply to an earlier letter telling him of the new direction (that is monographs rather than *The Historian*) which this project is taking. Dr. Willits says "I thoroughly approve the new set-up and think it is excellent. I am not sure it isn't a wise thing to do anyhow."

In view of conversations which presumably are now going on, I thought you and Dr. Calkins would both like to know about this.

Best as always,


Mildred Adams

Copy to Dr. Calkins

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 29, 1955

Dear Dr. Stewart:

I am afraid that for the purposes of this project George Roberts is, if not a dead bunny, at least a comatose one. Don and I talked to him Friday night at the meeting of the Business Economists and got a flat refusal of anything more than polite interest until he should have finished his work at the National City Bank.

Far from sounding ^{it} as though he would like to take a hand in this, left free to do as he chose, he sounded as though the idea appalled him unless the work were headed by Randolph Burgess.

He said that he would be delighted to see you, but he wanted it understood that he was not persuadable on this, and under the circumstances neither Don nor I pressed the point.

The only ray of hope was that he seemed to have a basic interest in the thing which might be revived when and if he leaves the National City Bank. He made it sound as though that might be a year or two off, but I understand that it has been already pending for some time, so even this may not be as hopeful as I had thought on Friday evening.

Meanwhile a letter has arrived from Bob Calkins giving his reactions to names which

were brought up at Princeton last week. A copy has been sent to Mr. Woodward, and I am enclosing a copy for you.

Don will try to get information about W. W. Rostow, though Calkins is, as you will see from his letter, somewhat cautious about that. When I talked to Dr. Calkins, he was full of enthusiasm for Mr. Saulnier.

When we get a bit more information together, I would hope that the three of you might want to meet and focus a little more closely on a few of these people. For some reason which probably has to do more with sunshine and salt water than with logic, I continue to feel optimistic.

Very best greetings to you.

Cordially yours,



Mildred Adams

Dr. Walter W. Stewart
Institute for Advanced Studies
Princeton University
Princeton, New Jersey

Enc.

c.c. - Mr. Donald Woodward ✓

Committee on the History of the
Federal Reserve System

DATE 7/1/55

TO Donald Woodward

FROM Walden Adams

REMARKS

Some of this is water
over the dam by now,
but I thought you would
want Callin's' reactions
to people discussed at
Princeton W.

Tuesday
June 28, 1955

Internal Memorandum

Telephone Conversation with Dr. Robert Calkins

I called Dr. Calkins to report to him that Donald Woodward and I had talked with George Roberts on Friday evening, June 24th, and had been surprised and regretful to find him completely refusing to show even interest in this project until after he finishes his work with the National City Bank. There had been an assumption that his first refusal to Dr. Burgess might have been based on a desire not to take second place under Dr. Burgess. His statement to us indicated quite the contrary, that he would hesitate to act without Dr. Burgess in command.

He may however be interested in doing a monograph after leaving the National City Bank whenever that may be. He is not yet 65. He is building up a staff preparatory to turning the work over to them, but thus far he has not reached the point when that is possible.

Dr. Calkins was regretful but did not regard this failure as fatal.

A letter had just come in from him suggesting that he was becoming more and more enthusiastic about Mr. Saulnier. He said that he had ridden from New York to Washington in a plane with Saulnier recently and had found out to his surprise that Saulnier had been dining with Walter Stewart almost weekly for a period before he took on the work of the Council. Calkins had said to Stewart that he had been interested in seeing how Saulnier's interests had broadened and his grasp of situations had deepened. Stewart had responded enthusiastically to this and said that he himself thought Saulnier a very good man. Saulnier said also that he had talked with Walter about this particular project and he seemed interested in it. Calkins feels that he may well be our historian if we go on with the main study.

He also suggested that it might be well to get some of Saulnier's recent writings and see what it sounded like. He said that Saulnier had theories about writing which made sense to him, but he did not know how it would prove out in

practice. (This has to do with the fact that Calkins himself is struggling to do a different type of writing from what he has done previously).

He enlarged on his statement about Walter Rostow and said that he had recently been at a conference of high level State Department people called by Brookings for the purpose of what might be regarded as executive cross-fertilization.

Calkins himself was not present, but the report was that Rostow made an unfavorable impression by taking too much pleasure in "telling off" the world. The reaction was that Mr. Rostow was perhaps neither as wise nor as well informed as he liked to think himself. The M.I.T. international unit was there at the same time so that Rostow was acting within his own group.

As for Dr. Calkins' strictures on Leonard D. White, he will think more about that and let us know later.

He is very firm that we better take Mr. John Langum off the list. He hired him at Berkeley and was greatly disappointed in Langum's performances there. He would not approve Langum's use in this project for any purpose, as he does not think he would perform according to promise.

As for Paul Samuelson whom he had discussed with Saulnier, his objection had been that Samuelson probably did not recognize human frailties in the monetary field, but Saulnier seemed to think he was growing in grace so far as human beings were concerned.

He also asked about Dr. John Williams, and I told him that Stewart had suggested that Williams be put on a "when and if" list. It is Stewart's belief that Williams is not going to do any large scale work but is best in the spontaneous report and the short article. His secretary, on the other hand, has told us that she thought Dr. Williams would be willing to do some work on this project "if properly approached and allowed to choose his own subject." I reported to Dr. Calkins that I did not know who would be the person to approach him so as to get a favorable response, and Dr. Calkins said he would think about this further.

MA:IB

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 28, 1955

Dear Bob:

In my concern over your virus infection this morning I forgot to give you one piece of information which may or may not seem pertinent.

I am told by Lester Chandler (he would not mind my quoting him to you, but this probably should be kept confidential) that Howard Ellis is not happy in Berkeley and that we might be able to get him for this project if we chose.

You may remember that the Ellis name was rather high on the list presented at Princeton in January and that he was turned down at the business meeting there. I cannot find in my records any comment on this or reason given for it, but I have a dim memory that Win Riefler was not enthusiastic and there may have been others.

Nevertheless, his name is reputable, and conditions have changed for the Committee since January, so that I think I should hand this information on to you for comment. I am also passing it on to Walter Stewart and Donald Woodward.

I hope your recovery is speedy.

Cordially yours,



Mildred Adams

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

c.c. - Mr. Donald Woodward ✓

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 28, 1955

Dear Mr. Sproul:

At Mr. Woodward's request, I called Dr. Beckhart to ask what kind of an agenda they had in mind for the dinner meeting on Thursday evening; this on the ground that I wanted to know what information might be needed from our files.

Dr. Beckhart tells me that Dr. Logsdon, the Librarian of Columbia University, and Dr. Baughman, the archivist, will also be present. They have been doing some figuring on the basis of a possible 35 - 50 collections of bankers' papers to be gathered, processed, housed and maintained for student use, and would like to discuss the problem from that angle. They would like more detail on what we know about specific collections which might be available to them.

They have arrived at a figure of \$35,000 which would be needed, and there was more than a suggestion that they would hope to discuss possible sources for obtaining such a sum.

Faithfully yours,

Ma

Mildred Adams

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

c.c. - Mr. Donald Woodward ✓

The Brookings Institution

Washington 6, D. C.

June 27, 1955

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

Dear Miss Adams:

Thank you for your letter of June 24. Let me give you a few off-hand reactions.

1. Malcolm Bryan is doubtless able, but I am not sure that a monograph on southern banking deserves a place in our series.
2. Howard Hackley I do not know, but the idea of having him do a monograph on the legal aspects of the Federal Reserve Act seems to me probably desirable.
3. I know John Langum well. He has never finished any writing he has begun yet, and I would consider any assignment there a lost cause.
4. Arthur Marget would be excellent for the international finance side of the work. We may wish to consider him in view of the fact that William Adams Brown is doubtless out of the running. He has had a cerebral hemorrhage and will have a very restricted schedule hereafter.
5. The idea of studying the closed banks seems to me a good one, and possibly Powell is the man to do this, especially if he can assume an objective position and not hesitate to be critical of the policies followed regarding closed banks.
6. I become more and more enthusiastic about Saulnier. He may well be our historian if we want to get on with the main study.
7. George Roberts seems to me an excellent person for some assignment. I am not sure what topic is appropriate.

Miss Adams
June 27, 1955
Page 2

8. Walt Rostow is an able person. I doubt very much whether he could be enticed away from his work at the International Center at M.I.T., and, in fact, I question the wisdom of taking him away from that important work for a mere monograph in our series.

9. I think we ought to explore the Leonard D. White proposal further. I have mixed reactions at the outset.

I rode back on the plane from New York with Saulnier last week. He suggested that we consider Paul Samuelson as the man to do the history. Samuelson has a lucid, clear style of writing, and his textbook on economics is the most widely used in the country. He has a wide range of knowledge in economics, and Saulnier thought he might do the history with unusual insight. I have a very favorable reaction to this suggestion, but I recognize that the outcome is somewhat unpredictable.

With very best wishes,

Sincerely yours,

President

cc: Mr. Woodward

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

33 LIBERTY STREET, NEW YORK 45, NEW YORK

TELEPHONE: RECTOR 2-5700, EXTENSION 286

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

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

June 24, 1955

Dear Mr. Woodward:

Miss Adams has received from Miss McCoubrey the account of your expenses for the meeting with Dr. Stewart of June 22nd. Enclosed is her check for your total expenditure. She will in turn collect this amount from Brookings.

Sincerely,



Irma Burstein
Secretary

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

Enc.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 23, 1955

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

You will remember that the Executive Committee agreed to send Miss Marguerite Burnett, formerly Librarian of the Federal Reserve Bank of New York and now working for us on the archives problem, to the annual meeting of the Special Libraries Association in Detroit. There she made a speech (cleared with me in advance) about this project.

How good an emissary she was is mirrored in a letter from the young librarian of the Federal Reserve Bank of Chicago, enclosed for your information.



Mildred Adams
Executive Director

COPY

FEDERAL RESERVE BANK OF CHICAGO

Chicago 90

June 20, 1955

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

Dear Miss Adams:

How pleased and delighted you would have been to realize, as I did, the tremendous job of publicity Marguerite did for the Committee last Tuesday. Speaking to important financial librarians, she so charmingly illustrated the importance of certain of the individual banks' and banker's papers to the work of the Committee and the importance of not wasting another moment to get to these "archives." Besides she got some excellent suggestions across to the Fed librarians on Sunday and on Tuesday.

There is no question in my mind that her trip will prove worthwhile to the Committee in its search for materials.

Sincerely,

Jo Ann Aufdenkamp
Librarian

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 13, 1955

TO: Messrs. Robert D. Calkins
Walter W. Stewart
Donald B. Woodward ✓

I am asked by Miss Adams (who left last Tuesday for a short trip to the mid-West) to send you certain items pertinent to monograph planning. These include a list of suggested monographs; the skeleton memo on the "grand design" prepared for the Princeton discussion of November 21; a series of excerpts from that conference which bear on monographs; a copy of the memorandum prepared by the three consultants for the Princeton meeting of January 29th; and the list of possible writers as winnowed by the Executive Committee and presented to the full Committee.

The consultants' memorandum, with the comments, suggestions and criticisms which it evoked from Committee members at the conference, represents the most thoughtful attempt to construct a framework for the contents of the history, whether in book or monograph form, that has thus far been made. The verbatim report of that second conference was sent to you earlier.

ECS/per IB

Ellen C. Singer

Research Assistant

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

MEMORANDUM

TO: Messrs. Robert D. Calkins
Walter W. Stewart
Donald B. Woodward

In anticipation of the monograph planning session scheduled for June, I have re-read the verbatim account (not circulated as was the later one) of the conference held in Princeton on Sunday, November 21, 1954. This, having as basis a limited outline made by the three consultants, was an attempt to sketch the so-called "grand design" of the Committee and to define its various sectors. It assumed a rather sharp differentiation between the comprehensive history as such and the monographs. Throughout the whole conversation many things were said that bear on the problem which this sub-committee is now facing. For that reason, you may want to read the following:

MA

Page 36

MR. RIEFLER: "The problem is how to cover this wealth of material with a net that will screen out the relative material and not obscure it. It seems to me that in the questions asked under II that we already have in the monographs our topical. The history for the general reader, which isn't put here under monographs, is really topical -- of a little more general type but it is topical.

'The monographs should run from very detailed technical things to very broad.

'Certainly the constitutional history, properly written, covering the material, would be an essay, a documented and annotated essay in political science that I would think would have the same interest to political scientists that a treatment of the theory of money, business cycle, etc., would have to the economist. This is a gesture in political economy, and those are the two natured general threads.

'In my own thinking, going over this, I would rather change the D for monographs. I would think that what we are deciding to do is to go at this, in order to assure comprehensive coverage, to really exploit materials. You can go at it in two ways, one, you propose to do a comprehensive history on a chronological basis and with the highest level of objectivity and thoroughness that a person trained in that can do; second, you intend to commission the topical headings just as carefully as you can, if the individuals that are assigned to those commissions can arrange the material, with the hope that they will exploit them to the limit.

'When you got through with the whole thing, I think you probably would have covered the materials that are available."

.....

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MR. RIEFLER: "...If you go at it in these two ways, a very serious approach to the comprehensive on a chronological basis, and a very serious approach to the topical, giving each all the aid and support and materials we can find, I think when you get through with the project you have come nearer to exhausting the material than if you tried to decide now on a program which is going to produce a production line, assembly line technique. I don't think you can do it at this stage."

.....

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DR. CHANDLER: "I lean myself towards the possibility of a general editor with, say, three or four or five writers working under him.

'Let me sort of outline the kind of organization I would envisage. This general editor, together with his writers for the different periods, and maybe one or two other people brought in in an advisory capacity, would sit down knowing something already about the history of the Federal Reserve, and, say, what are the principal things we ought to be interested in, what are the principal themes that ought to be developed, as a minimum, and then get a common approach by, say, three or four writers, who would then divide the subject up on a chronological basis, and then they would all start to work at about the same time.

'But they would constantly be in touch with each other, with the editor being hopefully a strong editor and constantly at work on the materials with these people so as to make it a more manageable thing for each writer.

'I see all sorts of disadvantages to this, but at the moment I somewhat incline toward that method of organizing the work."

.....

Dr. James spent some time talking about the way in which the work on Mr. Mackenzie King's biography was being organized. McGregor Dawson is writing the history which will probably be in three volumes. He has five assistants each of whom is writing a monograph.

Page 45

DR. JAMES: "...But you have these five people, junior research assistants, continually meeting with one another, exchanging ideas, and probably two of these monographs will be out at about the same time as the first volume, although they deal with a much later period of Mr. King's life."

.....

Page 46

MR. SPROUL: "But they are meeting together and discussing and exchanging ideas.

DR. JAMES: "They are all living together. They have adjoining offices, and they are there not all of the 365 days of the year, but a good slice of it. And they are working full time.

Page 46 (cont.)

MR. SPROUL: "Starting out without any bias against any single volume, this sort of approach commends itself to me. These men are not vying with each other to put out a single volume, but discussing the project and then one is doing the comprehensive job and the others are doing the topical jobs."

.....

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MR. BURGESS: "So I think we could retain that (differentiation between the general history and the monographs) with a good deal of justice, recognizing that under the monographs you have an opportunity for a great degree of flexibility, both as to character of treatment, and the type of person you get to do it, and the extent to which they express opinions, and so on.

MR. STEWART: "If it is not too subtle a distinction, there is a difference in my mind between the general history and the topical. I would regard the topical as outlined here as being topical but treated chronologically, where required. I would regard the general as being chronological, and treated topically."

.....

MR. STEWART: "...I would also regard the general as including the emphasis on the history of ideas rather than events, where the comprehensive would be events. So that you could have for the general reader something of the background of the tradition of central banking, transferred to America, learned in our circumstances here, and kept in a kind of chronological order, but the development of the ideas which have been operating within the system. That still makes it a monograph in one sense, but as between topical and chronological, I think there is a difference of emphasis between the two."

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MR. RIEFLER: "I should think you should plan on commissioning the topical studies so as to take a year, and on the general history, five years.

DR. JAMES: "I think five years is too short for the comprehensive history. I think there really are two stages. If we went along on the scheme that I suggested a few minutes ago, that Win elaborated, within the five years you should get most of your monographs finished, finished and published. You should get at least half of the comprehensive history, approximately half, so that the continuing thing would be the remainder of the comprehensive history."

.....

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MR. WOODWARD: "...The other question that I had is also concerned with the non-professional or technical people,...as to what is the system about, and I mean this not so much in a popularistic sense, as in a distillation of the essence of the matter.

Page 59 (cont.)

MR. WOODWARD (cont.): "...I have been living ... with business men and life insurance men who are not at all clear about the difference between the Federal Reserve dollar and the member bank dollar, and their lack of clarity goes a good deal further than that.

"... More than one president of more than one life insurance company has asked me over a period of time ... 'what can we read that will give us some idea of this, not in its technical phases, though we do need to know something of its operation, but what are the real questions, what are the real problems which necessitate a system, and what is it that it does try to deal with?'

"... I am not sure whether this is in the general history, or whether it is covered in the monographs, but in the devising of the general scheme which we are trying to do here, it would seem to me to be important that this job not be finished without a resolute attempt to do that job.

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MR. STEWART: "Put a title on that.

MR. WOODWARD: "I had three titles, Walter, but I wasn't satisfied with any of them. One I had written down as 'The Federal Reserve System as a Public Body.' Banking yes, but as a public body. It was created by Congress, and it is the only really successful creature Congress has ever created.

"The other thing that I had down was the questions of policy. What are the policy questions, or what have been the policy questions at different times, that the System has attacked and that have attacked the System?

"The third that I had was 'Central Banking in International Politics.' That is quite different from its role in international finance. But none of those titles are exactly what I am seeking."

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MR. STEWART: "It is harder and harder to find this author. You can commission and organize a piece of research at one level, objectively. You can get the documents and you can tell a chronological story.

MR. BURGESS: "That is the reason that these topical things may be more apt to produce that sort of thing. And there I think our procedure is not to say, 'Well, here is something we ought to produce. Now where is the producer?' If we can get the idea around that if Dr. Wood wants to write a monograph on the Reserve System, if he has something burning in his soul, we say, 'Come along, we will help you.'"

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MR. STEWART: "... The history of the Federal Reserve in terms of depressions brought upon us would make a wonderful account of the development.

DR. CHANDLER: "I should think as a matter of fact, Walter, this would be one of the principal themes in this thing on the constitutional history of the

Page 69 (cont.)

DR. CHANDLER (cont.)

Federal Reserve, the process through which the Federal Reserve responds to changes in the general ideas in the community, to pressures, not only within the system but outside of government, from government. I am sure that in a sense it is a responsible academic institution reacting to these things, but through processes that are quite different, perhaps, from those that would characterize certain government agencies."

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DR. CHANDLER: "I think in our discussion now we are constantly to keep in mind the fact that these monographs, as Karl indicated earlier, were chosen to a considerable extent because they lay along the borderline of the main comprehensive history, rather than being in the midst of it. ("These monographs" refer to the monographs to which titles were put on the outline made by the consultants.) For some purposes, as Dr. James has indicated, you ought to have some monographs that would be right in the central material of the comprehensive history. I think Karl's suggestion that we perhaps ought to review these monographs with that in mind is a very good one.

MR. BURGESS: "I think that list of monographs should be treated as suggestive and illustrative, rather than definitive."

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MR. SPROUL: "... It seems to me that so far as it (the discussion) has crystallized, it has crystallized first around the idea that Dr. James and Win Riefler have suggested, that there would be one man full-time who would be working on the comprehensive history with assistants, research people, working for him, and with another group of part-time, one or two-year men, who would be working on various monographs and associated with him in the whole general project. That so far as the outline here is concerned, instead of having C, a history for the general reader, and D, monographs, we would have two groups, however we list them, one of which would be in the broad stream of the comprehensive history that has been mentioned here: economic study, constitutional study, international study, personality study, and a general study, which would include the climate, the pressures which have been mentioned; and then there would be, second, the subsidiary, the peripheral monographs on these other aspects of Federal Reserve operation and relations with the Treasury and with the banking system which have been listed, in addition to others that might be suggested."

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MR. BOPP: "And that on the monographs, several -- probably particularly those dealing with the broad stream -- would involve the full time of a person for a year or two. Others, technical monographs, could be done part time.

MR. RIEFLER: "Could we put it this way, that there are two ways of trying to squeeze what is relevant out of historical data. One is a very careful approach geared primarily to time, the chronological approach. The other is the problem approach, which tries to take a problem from a topic and explore it. And we plan to use both on an equal basis."

.....
The afternoon meeting of that conference contained some discussion of people who might be considered as possibly working on this as well as of ways to go at it:

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MR. STEWART: "I've got a test which seems to me reasonable to apply. Is there anything you can learn from it? What can you learn from it? Congressional hearings, I don't call that a key episode and it is not continuous, but there is something to be learned from the theories within the lifetime of the Federal Reserve, the series of Congressional hearings that have been held. And I wouldn't be surprised if we studied the debating of them, the timing of them, the personalities, that it would make not a very difficult and a rather interesting thing. Looking into the future, a person says, this is what happens; every so often a hearing.

"I rather think any event or episode, continuing or separate, from which one could say that something should have been learned out of that, could be included. What was it that was learned? That would be my test of it. It would have some bearing on the future."

.....
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DR. CHANDLER: "... Perhaps I can point up my question by indicating how Bob Warren thought this whole thing might go ahead. Perhaps instead of having a comprehensive history you simply take a few key decisions; the action of 1919 was one of the key decisions, I believe, that he wanted to highlight. I think the policy during late 1920 and 1921 was another key decision. I don't know what the others were. But he thought it wouldn't be necessary to go into all the minute detail about the non-crisis periods.

DR. JAMES: "... if we agreed that the incidents of 1919 and 1921 are two of the key incidents, they of course need ample description. But how do you lead from 1919 to 1921, and what is the change in the climate of opinion and the economic periphery of the things that your historian has to fill in?

"I am not thinking of an episodic history, but if you have knocked off the signposts, roughly, then you know the things that are to be covered in the history. Also you have framed a question as to how you get from one to the other, which the ultimate historian has to deal with in terms of emphasis.

MR. BOPP: "This suggests too that the ultimate historian would feel free to have persons of high quality work in something of this kind and write for him a particular episode, or whatever it may be, to be sure that he would rework it.

DR. JAMES: "Also it bears on your monograph, because if certain things are so significant that a very substantial part of the comprehensive history is going to deal with them, you don't want a separate monograph on that thing. One would kill the other."

There was considerable discussion as to whether what was wanted was an economic historian, an economist with historical training, or an historian with economic training.

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MR. RIEFLER: "I think the discussion today has lifted the topical approach to the same level of importance as the chronological history approach, and depending on this double approach to pull the essence out of the materials. Certainly on the topical approach we are going to look for people who thoroughly understand the topic. I would think that on the other one I would be inclined to go along with Cyril. We ought to start with a trained historian, try to find in him the trained historian with a grasp of finance.

MR. SPROUL: "A trained historian but with a grasp of finance?"

MR. RIEFLER: "Oh, thoroughly, because on the topical we are planning on just the other approach. There we are going to get the trained specialist, the expert."

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MR. STEWART: "I am puzzled, I must say. Historians I have talked with, even if they are economic historians, whether they can get deep enough into the marrow of their bones what the nature of this institution is, I just don't know. They don't in the ordinary run of economic history deal with monetary institutions in this form.

"Sprague was an historian before he was an economist. Old Dunbar was a newspaper writer before he was a professor. White was a newspaperman. Among the present people I don't know how to go about it..."

.....

The rest of the discussion brought up names which eventually found their way into the list combed over by the Executive Committee and presented in shortened form to the whole Committee at the meeting in Princeton on January 29th. That list is again appended.

MATERIAL ON

POSSIBLE ECONOMIST HISTORIANS

in order of rating accorded them by composite choice

CHANDLER, Lester V. - (b. 1905); Professor of Economics, Princeton; Author: "Economics of Money and Banking" (1948, 2nd ed. 1953); "Inflation in the United States, 1940 - 1948" (1951).

LINTNER, John Virgil, Jr. - Associate Professor of Finance, Graduate School of Business Administration, Harvard University; Author: "Mutual Savings Banks in the Savings and Mortgage Market"; "The Effect of Federal Taxes on Growing Enterprises" (with J. K. Butters, 1945); "Effects of Taxation on Corporate Mergers." Interest - public finance and fiscal policy.

**SAULNIER, Raymond J. - (b. 1908); Professor of Economics, Columbia; Special Adviser to the Board of Governors, Federal Reserve Board, since 1950; Author: "Costs and Returns of Farm Mortgage" (1949); "Urban Mortgage Lending by Life Insurance Companies" (1950).

MCCRACKEN, Paul Winston - (b. 1915); Professor, School of Business Administration, University of Michigan; Director of Research, Federal Reserve Bank of Minneapolis, 1945-48; Author: "The Public Debt and Economic Stability," Yale Review (summer 1951); "The Status of Monetary and Fiscal Policies," Journal of Finance (March 1950).

*ELLIS, Howard Sylvester - (b. 1898); Professor of Economics, University of California; Assistant Director of Division of Research and Statistics, Federal Reserve Board, 1945-46; Author: "Exchange Control in Central Europe" (1941); Editor: "A Survey of Contemporary Economics, I" (1948); "The Economics of Freedom" (1950).

HAMILTON, Earl J. - (b. 1899); Professor of Economics, University of Chicago; Author: "War and Prices in Spain, 1651-1800" (1947); "The First Fifty Years of the Bank of Spain" (1953). Editor: Journal of Political Economy, since 1948.

JACOBY, Neil - (b. 1909); Dean, School of Business Administration, University of California; Author: "Business Finance and Banking" (with R. J. Saulnier, 1946).

JOHNSON, Edgar Augustus Jerome - (b. 1900); Deputy Chief, FOA Mission to Yugoslavia until recently; soon to be at University of Maryland; Author: "Origin and Development of the American Economy" (with Herman Kroos, 1953). Editor: Journal of Economic History, 1940-43.

*FETTER, Frank Whitson - (b. 1899); Professor of Economics, Northwestern University; Editorial writer, St. Louis Post-Dispatch, 1930-34; Author: "Fiscal Policies and the American Economy" (with others, 1951).

* Eliminated at Princeton Conference in January

** Now member of Council of Economic Advisers

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Outline formulated by Drs. Bopp, Chandler and Wood in all-day meeting at Princeton, November 20, 1954 and presented as the basis for Committee discussion on November 21st

I. GENERAL DESIGN

- A. Comprehensive history
- B. Source material
 - 1. Annotated bibliography
 - 2. Selected unpublished documents
- C. History for the general reader
- D. Monographs
 - 1. Bank Supervision
 - 2. Check Clearing and Collection
 - 3. Fiscal Agency
 - 4. Research and Intelligence
 - 5. Constitutional History
 - 6. Personnel
 - 7. Role in International Finance
 - 8. Benjamin Strong Biography
 - 9. Other?

II. ALTERNATIVE APPROACHES OF THE COMPREHENSIVE HISTORY

- A. Topical
 - How integrate?
- B. Chronological
 - What time periods?

III. COVERAGE

- A. What aspects should be covered in all periods?
- B. What aspects are limited as to time?

IV. ALTERNATIVE ORGANIZATIONS FOR COMPREHENSIVE HISTORY

- A. Single writer
- B. Several writers
 - how achieve integration, continuity, and consistency of approach?

SOME ASPECTS AND PURPOSES OF THE
COMPREHENSIVE HISTORY OF THE FEDERAL RESERVE SYSTEM

General approach and purposes

A. Some of the major objectives of the Comprehensive History

1. To gather and preserve all relevant information about the Federal Reserve System that could possibly bear on the evolution of the structure and functioning of the System.
2. To present a comprehensive analysis from an evolutionary point of view, tracing the development of ideas and showing the interrelationships of social attitudes, social and economic events, pressure groups, and personalities on the structure and functioning of the System.
3. Some things to be given special attention
 - a. One of the central interests of the entire study should be the methods and terms on which money has been made available to the banking system and the economy as a whole. This would include, of course, all major changes in the methods used, such as discounting and open market operations. But it would also give adequate attention to changes of policy represented by changes in methods of administration even though there was no change in the broad method of providing or extracting funds. This would require adequate attention to the whole question of location of control, the methods of administration, and the development of ideas by those who make policy.
4. Things to be avoided
 - a. This should not in any sense be considered an official history and the writer should feel perfectly free to criticize, evaluate, and interpret.
 - b. It should not be financial history in the narrow sense but should be a social history, giving due emphasis to intellectual and political, as well as the narrower economic and financial, philosophies and events.

B. Some of the specific topics and events that might be considered

1. The backgrounds of the Federal Reserve System
 - a. This should include a detailed analysis of all the conditions and thinking that led to the movement for financial reform and that influenced the form of the legislation finally enacted. This would include not only the legislative history and the conflicts in the Government accompanying the consideration of the legislation but should also include a consideration of the existing international monetary and financial relationships, the nature and structure of our own economy, the conflicts over broad

economic policies, the structure and functioning of our banking system, the economic theories underlying the various proposals, and the personalities that were involved in the whole movement.

- b. A similar study relating to the organization of the Federal Reserve Districts, of the Federal Reserve Board, and of the Federal Reserve Banks before the banks were actually opened for business.

2. Period of organization and growth - November 1914 to April 1917

- a. The whole process of determining the structure and organization of the Federal Reserve Banks, the selection of personnel for the Federal Reserve Banks, the division of control between the Federal Reserve Board and the Federal Reserve Banks, the location of control within the Federal Reserve Banks, the process of arriving at decisions as to the appropriate objectives of the Federal Reserve Banks for the longer run and for the existing situation, and the relationship between Federal Reserve operations and American foreign policy. Worthy of special consideration are not only longer term growth considerations, such as building of the prestige of the System, but the desirability of making earnings in order both to build prestige and to attract members.

3. War and inflation - 1917 to 1920

- a. A comprehensive analysis of the entire war financing program and of ideas relating to it and the relationship of the Federal Reserve to the whole process. The effect of the prevailing economic theory on the types of assistance given by the Federal Reserve to both public and private financing.
- b. In addition, adequate attention should be paid to such things as the effect of the war period on membership in the Federal Reserve System, the prestige of the Federal Reserve System, the relationship between the Treasury and the Federal Reserve, the tendency to concentrate power in the Federal Reserve Bank of New York, the subordination of the Federal Reserve Board in dealing with monetary problems, the growth of relations with foreign central banks and governments, the impact of this experience on the earlier philosophy of the Federal Reserve Act and of Federal Reserve policy, and contemporary ideas as to later developments.

4. The Federal Reserve and deflation - 1920 to 1921

Analysis of events during period and of Federal Reserve policies. A satisfactory treatment would include not only actual Federal Reserve actions but a close scrutiny of the changing role of Treasury financing, of basic philosophy and theory of the public at that time, and of the Federal Reserve officials. It would also include a detailed analysis of the process of decision-making and of the theories and objectives, explicit or implicit, of those who engage in the process.

5. The search for appropriate peacetime organizations and policies - 1921 to 1929

This period will have a number of themes and subthemes which are sometimes woven together and sometimes not. Among the major problems were the following:

- a. The struggle toward a basic philosophy of central banking: the conflict between the old commercial loan theory which would have prescribed a passive approach and the theory of positive control which would often require actions directly in conflict with those appropriate to the commercial loan theory.
- b. Changes in the methods of business financing and their impact upon the character of commercial-bank earning assets and upon the volume of brokers' loans. The need for secondary reserve assets as a factor in the growth of loans from non-banking lenders to the market.
- c. The role of gold in the System: the continued allegiance to the international gold standard as an ultimate ideal, coupled with actions that were, at least in the short run, in direct violation of the rules of the gold standard game but sometimes with the intent to reestablish the gold standard internationally.
- d. The frequent conflict of more immediate guides or objectives: the objective of reestablishing an international gold standard and of promoting recovery abroad, the accommodation of commerce, industry and agriculture at reasonable interest rates, a positive policy of stabilizing business conditions, price stabilization, the development of New York as an international financial center, the control of speculation on the stock exchanges.
- e. The evolution of instruments of Federal Reserve policy: changes in both the techniques and relative importance of instruments such as the discount rate, moral suasion of various types, open market operations, international stabilization credits, development of the "factor analysis" of the money market - member bank reserves and related items. This investigation will necessarily involve the procedures for arriving at decisions and the location of control.
- f. The process of decision-making and the location of control: this analysis will highlight the fact that the original theory of the Act - that there would be at least the possibility of separate credit policies for the various regions - came under closer scrutiny and was accompanied by many conflicts between the principles of centralized control and of regional autonomy. This involved not only the division of decision-making and control between the Federal Reserve Board and the regional Banks, but also the question as to whether and to what extent a centralized control should be exercised by the Federal Reserve Board or by centralized associations formed by the regional Banks. The weakening of the influence of the Federal Reserve Bank of New York and the increase of the influence of the Federal Reserve Board following the death of Strong.

6. Federal Reserve actions in a period of deflation and breakdown - 1929 to 1933

In analyzing this period the following important things should be stressed and interrelated:

- a. The prevailing philosophy of the public at large, the Government, and Federal Reserve officials as to the responsibility of the central bank and of the Government in dealing with conditions in such a period.
- b. "Sound money" beliefs carried over from pre-1914 days that "currency manipulation" should not be used in an attempt to bring about revival, overlooking the fact that a currency must necessarily be managed with respect to some criteria of stability when it is no longer managed with respect to the gold reserve.
- c. Lack of grasp of America's place in the world financial structure. Belief that the United States must adjust to world monetary conditions and could do little to determine them.
- d. The persistence of the belief that the United States could take no positive action to halt deflation even after the international gold standard had ceased to exist and most countries of the world had adopted national currency policies. International developments such as the cessation of foreign loans, international financial panics, breakdown of gold standards, wide changes in exchange rates, etc.
- e. Business cycle indoctrination which stressed the idea that the forces of depression were fundamentally nonmonetary and that monetary measures could play little part in bringing about recovery.
- f. On the other hand, there was a latent tradition, sometimes referred to as Bryanism, that monetary action was vital in restoring prosperity. But the monetary procedure contemplated was not primarily central banking procedure.
- g. The tradition of business cycle theory that depression was healing and beneficent and not degenerative and leading to crack-up. This tradition regarded deliberate monetary expansion to shorten the "recuperative" period as harmful.
- h. But with the deepening of the depression, the growing popularity of the belief that there were inherent forces in a capitalistic society making for stagnation and blocking the technical possibilities for much higher living standards. This point of view looked toward fundamental changes in the rules in the economic organization for the most part rather than monetary procedures.
- i. The decline in availability of bankable assets as the depression deepened, indicating the vulnerability to contraction of a monetary system that issues money against debts. The vicious circle of monetary contraction and the decline in the safety of debts

and the willingness to go into debt except by distress borrowers, proneness of American banking structure to failure, role of restrictive legislation, such as the collateral requirements behind Federal Reserve notes and restrictions of eligibility of paper for discount. The resulting lack of responsiveness of the economy to central banking measures for expansion.

- j. The diminishing tolerance of the economy for severe liquidation.
7. Federal Reserve policy from the banking crisis of 1933 to our entry into World War II - 1933 to 1941

The treatment of this period should trace the disillusion of the public and the despair that existing thinking and institutions could provide an adequate solution. It would combine a discussion of actual Federal Reserve policies with a description and analysis of the very important changes in the legislation relating to the Federal Reserve System. It would try to trace out all the lines of development that culminated in actual or proposed changes in the basic law and in the actual structure and operation of the System.

Early Recovery Period

- a. Belief that monetary measures must be mainly outside central banking procedures. (Preparation for the issue of script an extreme instance of blindness to central banking possibilities.) Due partly to lack of understanding of central banking; partly to the loss of prestige of the Federal Reserve during the crisis; and to the historical traditions regarding money of leading groups sponsoring monetary expansion. (For instance, looking back to bimetallism and to greenbacks in the Thomas Amendment.) Establishment of new institutions and procedures, such as deposit insurance, R.F.C., and so on.
- b. The loss of confidence in business leaders which came with the collapse resulted in greater receptiveness to reform legislation. The popular attitude that greed and dishonesty were in great part responsible for the collapse emphasized the necessity of "driving the money changers from the temples" and diverted attention from the monetary aspects of the collapse.
- c. Closely related was the idea that the failure to curb speculation by denying credit to speculators specifically was an important cause of the collapse. This belief led not only to reform legislation, but to the search for selective monetary controls; and it made central banking policy very sensitive to a rise of stock prices down to the present day.
- d. The continued misunderstanding of the place of the United States in the world financial structure was evidenced by some attempt at competitive devaluation. The problem of providing dollars was complicated by the protectionism of strong pressure groups.

Later Recovery Period

- a. Abandonment by the Administration of monetary action as an important means of increasing general demand, and greater emphasis upon fiscal policy, increase of farm income, and upon raising wages and other labor income by nonmonetary means.
 - b. Foreign totalitarian influences on methods of maintaining prosperity. In such ideology central banks were mere agents through which governments exercised naked power. Liquidity as such was not viewed as an important means of regulating money outlay. The central core of their mechanism was power itself.
 - c. Drop in interest rates to low level as the result of historical accident rather than deliberate action. The drop in long-term rates welcomed by the Federal Reserve. But the large excess reserves, which were mainly responsible for the drop, regarded as a potential danger of inflation. This fear of inflation in the midst of semidepression characterized the attitude of the Federal Reserve until Pearl Harbor.
 - d. The shift in influence over monetary policy toward the Treasury. In part this was due to the new powers of the Treasury over reserves directly, but mainly it was due to the influence acquired by the Administration during the crisis and to the loss of prestige by the Federal Reserve during the depression and crisis.
 - e. The policy of maintaining "orderly markets" in government securities materialized during the restriction of 1937. Though this did not imply pegging of rates, it marked a definite change from the ideas of the twenties, when short rates were supposed to be varied with respect to business conditions. After 1937 the Federal Reserve realized they would allow rates to drift within wide limits and would intervene only to prevent sudden changes. The Federal Reserve seemed by many to have become merely a check collection agency. This policy of drift was partly the consequence of the unfortunate events following the experiment in tightening in 1936-37.
 - f. Pegging the Market: The policy of maintaining "orderly markets", though not at all contemplating the pegging of rates, prepared the way psychologically and developed a procedure for pegging. (The market became accustomed to the Federal Reserve's interventions for the purpose of affecting security prices as such.) The Treasury had decided on pegging many months before Pearl Harbor. The Federal Reserve did not object to the 2-1/2 per cent ceiling on the long-term rate, but objected to the rigidity of the pattern. The Federal Reserve Bank of New York would have preferred a higher long-term rate, but did not advocate raising the ceiling in the situation existing when the rate was pegged.
8. Federal Reserve policy during World War II - 1941 to 1945
- a. A thorough description and analysis of the role of the Federal Reserve in World War II finance should stress the contrast with World War I. The contrast should include differences in basic

philosophies as to the function of the Federal Reserve, differing techniques of supplying necessary money, differing philosophies as to the proper behavior of interest rates, differing reliances on monetary policy, fiscal policy, and direct controls, and differing estimates as to the nature of the problems which would have to be faced after the culmination of war.

- b. Some important changes arising out of this period: the tremendous increase in the national debt, the practice of pegging the price of Government securities, the shift of policy-making to the Treasury, the proof that a central bank can control interest rates, changes in the law to facilitate Treasury financing.
 - c. The Federal Reserve position was that credit expansion was inevitable during the War and that it was inflationary, but that raising rates would do little to prevent the expansion.
9. The search for appropriate peacetime organizations and policies - 1945 to 1954

This should include a contrast between the search which grew out of depression and the search which grew out of inflation. Very important background materials for a consideration of this period would include the continued fear of depression in the midst of inflation, the general demand that all the powers of Government be employed to prevent the recurrence of serious depression, the emerging popularity of fiscal policy as an instrument of economic stabilization, the widespread disillusionment as to the power of monetary policy to deal with unemployment and inflation, the greater tolerance of the public for direct controls as a means of obtaining objectives and its equal willingness to see their abolition at the earliest possible moment, a search for extension of powers to reconcile expanding money supply with control of inflation, support of the securities market with control of inflation, development of the concepts of rigidly controlled markets, free markets, and flexibly controlled markets.

Karl R. Bopp
Lester V. Chandler
Elmer Wood

January 14, 1955

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Illustrative List of Suggested Monographs

Mr. Sproul has been approached for a volume of papers on policy matters.

Mr. Burgess said last July that he was thinking in terms of a small book to be called, "The Federal Reserve and the Public Interest."

Malcolm Bryan of Atlanta has said, more or less seriously, that he would like to do a "Statement of Federal Reserve Problems, with some Historical Illustrations."

Lester Chandler says there should be a volume on the 1929 Stock Market and the Federal Reserve, possibly including the years through the Banking Holiday. The recent volume by Dr. Galbraith is too quick and superficial to be of much use.

Bray Hammond has recently submitted a memorandum suggesting the following four monographs: (1) The statutory evolution of reserve requirements from 1694 (incorporation of the Bank of England) to present; (2) The Sound Money agitation prelude to the Federal Reserve Act; (3) The collection and settlement function of the Federal Reserve Banks; (4) Branch banking and the regulation of group banking.

Leonard D. White, political scientist of the University of Chicago (author of a trilogy concerned with administrative history, of which the third volume has just won a Bancroft Prize), has been suggested as the man to do a monograph on the Federal Reserve System as a case study in public administration.

George Eddy, now in the Treasury, and William Adams Brown of Brookings have been suggested as possible authors of a monograph on gold as of now.

Philip Bell of Haverford (author of a coming book on the sterling area) has been recommended as author of a monograph on the Federal Reserve in international dealings of the United States. Miroslav Kriz of the New York Federal Reserve Bank and Gardner Patterson of Princeton have also been suggested for work in the international aspects of Federal Reserve activities, the Federal Reserve and International Finance, etc.

Dr. John Williams is said (by his secretary) to be now willing to do a monograph in the Federal Reserve series "if properly approached" and allowed to choose his own subject.

Paul Warburg, in 1915, had compiled an unpublished History of the Bankers' Acceptances' Regulation, with careful analysis of varying attitudes within the Board, which would make an excellent springboard for an historical study of the use of bankers' acceptances within the System. (This has just turned up in Warburg papers given to Mr. George Harrison).

Woodlief Thomas is said to have collected a mass of material on brokers' loans in the early period which would form the basis for a monograph on those loans.

Dr. Stewart has suggested that the executive director do two reportorial monographs, one on the Development of the Research and Intelligence Functions in the Board and the Banks; the other on the Regional Aspects of the System - their Character and Value.

Howard Hackley of the Board legal staff is now working on an outline or a memorandum for a monograph on the Legal Aspects of the Federal Reserve Act.

In addition, we have a chronological list of possible titles from Dr. Elmer Wood which is suggestive:

The Founding of the Federal Reserve (which might or might not be combined with the Operations during the First World War)

The Development of Federal Reserve Policy during the Nineteen Twenties (into the classic form in which E. Strong left it)

International Monetary Cooperation of the Nineteen Twenties

The Crisis of 1929 to 1933 and the Recovery

The Federal Reserve System and the Treasury, with Special Reference to the Period since 1933

"Then there might be a History of Federal Reserve Procedures and Policies for the period as a whole, which, though not attempting to cover all the source material, would get some of the cream, but in the main would be analytical. Of course Karl (Bopp) ought to do this; but if not, he ought to keep in very close touch with it."

FR Pre-1913 ————— HAMMOND

FR in War ————— BOFF

FR in Depression ————— RIEFLER

FR in Prosperity ————— SAULNIER

FR in International Finance ————— KRIZ

FR and Congress

Constitutional History of FR

The People of the FR ————— ADAMS

Research and Intelligence ————— ADAMS

Instruments of FR Influence —————

Regionality

Technical Papers

Bank Supervision

Fiscal Agency

Clearing and Collection

The Brookings Institution

Washington 6, D. C.

June 13, 1955

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

Dear Miss Burnett:

In accordance with the suggestion of Miss Mildred Adams, I should like to advise you that we have approved your leave from June 15 to August 31, and have reappointed you as Research Associate for the period September 1 to December 31, 1955, at a salary of [REDACTED] per month. This is a Special Temporary Appointment for work on the History of the Federal Reserve project.

Sincerely yours,

ROBERT D. CALKINS

President

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

June 10, 1955

Dear Walter:

I am so distressed to learn that your birthday celebration has been followed by indisposition. I do hope that this letter finds you improved.

With very warmest regards,

Cordially,

Dr. Walter W. Stewart,
Council of Economic Advisers,
Washington, D. C.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

June 7, 1955

Dear Dr. Calkins:

This note follows in the path of my letter of March 26th regarding the term of Miss Marguerite Burnett, whose original appointment for six months expired on April 15th. You will remember that the Executive Committee approved the idea of an extension for another six months, of which two were to be served in the 1954-55 fiscal year, and the other four in 1955-56.

The two-months' term ends June 15th, but as Miss Burnett had a couple of days to make up, she will be working through June 17th. She will then take time off until September 1st, when she comes back on the payroll for the four remaining months of 1955.

The only variation from the plan described in my letter of March 26th is that she will be off the payroll not for two months, but for nearly two and a half months. This makes no difference to the work of the office, but it is highly important to Miss Burnett, who would otherwise be returning in the middle of August, our hottest month.

I hope you will agree that this slight delay in her return to the payroll is entirely reasonable, and can be adjusted without difficulty. She will serve the agreed four months, but that service merely begins a bit later than we had expected.

Very sincerely yours,



Mildred Adams

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

c.c. - Mr. Akers
Miss Maroney ✓
Mr. Woodward ✓

Answered by telephone June 7, 1955

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

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

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

June 2, 1955

Dear Don:

I am sending you with this a draft of the Minutes of last Tuesday's Committee meeting, somewhat delayed because of my unfortunate illness. Could you look them over and get them back to us by Monday? I ask this because I am scheduled to go to Kansas City and Minneapolis on Tuesday and am eager to get these out before I leave.

Also I hope you may be able to look over the preliminary draft of the Annual Report which was sent you early last week. There is less haste on this one, as I shall not be able to do anything on it until I return from the midwest on June 16th. Thanks ever so much.

Best as always,



Mildred Adams

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

Enc.

COMMITTEE ON THE HISTORY OF THE FEDERAL RESERVE SYSTEM

Minutes of Committee Meeting, Tuesday, May 24, 1955

Brookings Institution, Washington, D. C.

The Committee convened for a luncheon meeting at 12:45 p.m. in a private dining room at Brookings. Mr. Allan Sproul, Chairman, Mr. William Martin, Dr. W. Randolph Burgess, Dr. Robert Calkins, Mr. Winfield Riefler and Mr. Donald Woodward were present. So was Miss Mildred Adams, Executive Director. The unavoidable absences of Dr. James, Dr. Stewart and Dr. Willits were noted with regret.

After calling the meeting to order, Mr. Sproul reported on matters discussed and action taken at two meetings of the Executive Committee (February 21st and May 4th) held since the latest full Committee meeting on January 29th. These included:

(a) A report on methods and costs of collecting papers followed by policy suggestions and a recommendation that the Committee consider appropriating \$11,000 for estimated costs over the remaining life of the project. The Committee accepted the recommended policy and approved the appropriation.

(b) An account of conversations with Columbia University looking toward the establishing there of a center for collections of papers concerning the New York banking world. Mr. Sproul reported that these conversations were still inconclusive.

(c) An invitation to Dr. Shepard Clough to join the Committee; Dr. Clough is in Europe and further action has been postponed until his return.

(d) A recommendation that in accordance with Brookings practice the Committee adopt the policy of paying consultants \$50 a day, with suitable variation allowed as needed. The Committee accepted this recommendation.

(e) A discussion of the timing and possible content of the annual report to the Rockefeller Foundation. It was agreed that Dr. Calkins and Mr. Woodward should make an official call on Dr. Norman Buchanan, incoming head of the Foundation's Division of Social Sciences, at an appropriate date in July. It was requested that copies of the report in draft form be submitted to the Committee for their suggestions.

Reverting to this Committee's unfinished business, Mr. Sproul reported that Dr. Cyril James regretted his inability to accept the Committee's invitation to write the history and direct the collateral studies. Thereupon the Executive Committee, in its meeting of May 4th, suggested that the Committee shift its point of attack from the history to the monographs and seek an executive editor who might give the monograph plan proportion and direction. Mr. Donald Woodward hoped he might find it possible to undertake this, but he cannot free himself from other commitments.

The most recent suggestion is that, still holding to the monograph approach, a sub-committee be appointed which, in the course of meetings to be held in the near future, would act in the capacity of a creative editor, blocking out areas of interest, setting the monograph pattern in order, nominating possible writers, reporting the structure back to the full Committee.

This idea having been discussed and approved, Mr. Sproul

suggested that the editorial sub-committee be composed of Dr. Calkins, Mr. Woodward and Dr. Stewart, with Mr. Riefler a reserve possibility in case Dr. Stewart found himself unable to serve. This was approved. Mr. Sproul will get in touch with Dr. Stewart at once. It was agreed that, as speed is desired, the sub-committee would try to have a plan ready for Committee discussion by mid-July.

Suggestions were made that word of the monograph approach be sent to learned journals as a way of recruiting interested writers, and that the subject be presented at the December meeting of the American Economic Association. Interest was general, but no action was taken.

A financial report was presented in two parts - a report of expenditures for the current year, with actual figures for nine months and estimates for the other three, and a tentative budget for 1955-56. The budget, calling for a total expenditure of \$65,675 for the year was passed in principle; at the same time a measure of flexibility in detail will be allowed in view of the changing plans for 1955. Miss Adams' salary was raised \$500 "in recognition of services."

Existing appointments to the office staff were confirmed as follows: Miss Adams, Mrs. Singer, Miss Burstein were reappointed for the year July 1, 1955 - June 30, 1956. Miss Burnett was reappointed for 4 months in 1955, dates not specified. Dr. Calkins observed that it might become necessary to reconstruct the present office plan when monographs were commissioned and monograph writers needed service.

A preliminary report on possible publishing costs and arrangements, requested last autumn, was presented by the executive

director for the information of the Committee when needed.

The Annual Report to the Rockefeller Foundation, now in draft form, will be sent to all Committee members for their reading and criticism before its presentation to the Foundation by Dr. Calkins and Mr. Woodward.

In recognition of the 70th anniversary of Dr. Stewart's birth (May 24, 1885), Mr. Riefler was asked to draft a telegram of affectionate congratulation. This was sent after the close of the meeting.

There being no further business, the meeting was adjourned at 2 p.m.

Donald Woodward
Secretary