

Internal Memorandum

February 8, 1954

Interview with Mr. Walter Wyatt,  
February 5, 1954.

Gloyd Awalt, Deputy Comptroller of Currency, during bank holiday kept notes. Now practicing law in Washington. Walter Wyatt kept notes -- working day and night then, dictated to his wife when going to bed. Bank holiday -- Woodin had called in 20 - 30 leading bankers; staff not allowed (Wyatt called in by Meyer). Sat outside and talked it over--Goldenweiser, Smead, Morrill, Wyatt--Came close to agreement; Wyatt dictated memorandum of consensus. Measures taken to get out were those. Mr. Arthur Ballantine, 11:30 P.M., Tuesday, called in -- asked to draft emergency banking act. Harrison, Ballantine, Goldenweiser, Mills. Mentioned five items: each down on slip of paper. Drafted between 11:30 P.M., Tuesday, and 3:00 P.M. Wednesday. (Bank conservation act provision an old one; also another old one.) Became Public Law 1 of that Congress.

Public thought it was the work of Brain Trust in New Deal. In fact, it was the work of career men in Federal Reserve.

(The Supreme Court will recess for four weeks next Monday. He may have time in the third week of February. Call him late Monday afternoon.)

Washington Counsel's office kept special files, more closely indexed. Morrill always wanted to abolish them.

Counsel's office had a "Letter Book," chronological 1914-1942 on legal problems. Letter Book gives picture of what went on. Central files too loose in Washington. George Vest will know if Letter Book still exists.

Dr. Miller came in to see Wyatt often after he moved over to Court.

New York Bank, February 1929, started raising discount rate. Board refused--Roy Young, Mellon, Platt would approve; Miller, Cunningham, Hamlin, and James were against. James and Cunningham thought they saw agricultural trouble. Wanted Federal to stop lending money to speculating banks. Cunningham had list of 47 banks borrowing \$1 million or more from Federal and lending \$1 million on call. August meeting, Miller was disapproving -- Cunningham pulled out list and passed it around. Every man there had bank on the list. When Cunningham died, his widow gave the list to Mr. James. When he died, what happened to it?

Smead had a lot of information. He was there when Wyatt went to the Board in 1917.

All regional banks important in some phase. Roy Young knows a lot about the Federal Reserve of Minneapolis. <sup>At time of bank holiday</sup> Federal Reserve of Minneapolis had accumulated more paper than <sup>its</sup> capitalized value. Thought bank might be insolvent. <sup>Paper</sup> Was liquidated at more than face value.

Young had broad experience and fine memory for detail. 1929 discount rate fight -- he was always fair -- never let ideas embitter him. Not very busy now (this is the time to get him) -- overweight, age 72 or so. Wyatt saw him last September. Had been drinking too much--stopped, bad gall bladder operation. Told Don 15 years ago he had a lot of papers; asked Wyatt to help. Made agreement with writer who died -- in a mood to write reminiscences.

We will need, says Wyatt, staff of research people, <sup>to accomplish all we plan</sup> Wyatt persuaded Mrs. Hamlin to put Hamlin papers into Library of Congress.

Carter Glass married again; his family did not like his second wife.

The night of March 3, 1933 the Board was in session until 3 A.M. Had tried to get Hoover to declare a bank holiday; he would not; but Roosevelt did. New York <sup>Fed. Reserve</sup> gold got down to 22 per cent; the law required 35 per cent. Meyer wrote Hoover a "nasty letter," and had a Secret Service man slip it under his bedroom door. The Board wanted Chicago to rediscount to New York. There was a three-cornered phone call--New York, Washington, and Chicago. The Chicago bankers said, if refused to do this, they would take gold out the next morning. It then looked as if one would close (i.e., Governor to declare a bank holiday), what would happen to the rest of the banks? The Washington staff divided the task of phoning all bank Presidents. Early morning call --got the Governor to declare bank holiday.

Confusion  
here  
check -

John Sinclair of Philadelphia, only man they could talk sense to. Phoned Wyatt, saying "Governor Pinchot is in Washington; find him; tell him to call me." Meyer said he could not do that, he could not have the Federal in that position. Sinclair phoned again. Wyatt <sup>about to go home,</sup> climbed back five flights of stairs up the Treasury well (since the elevators were not operating). He went to Pinchot's house--all was dark; he pounded on the door and told the butler to have Pinchot call Harrisburg. This he did. George Norris's book of reminiscence accuses Wyatt of not cooperating. *Not true.*

Young wanted to keep the Federal Reserve of Boston open -- had plenty of gold. At 7:30 Young called Wyatt and reviewed conversation. Finally closed.

Some small banks remained open. The bank holiday was to enable them to stay closed. The bank holiday in Michigan lasted from 21st February to March. Huey Long needed an excuse for the bank holiday and found it in

the birthday of Jean La Fitte, the Gulf pirate.

Bob Parker was the Federal trouble shooter.

Roosevelt closed banks under Trading with the Enemy Act. Then had to decide who could open. Each bank had to apply for license. Board went through examination papers--decided whether bank could reopen or not. Alabama bank was broke, and the <sup>bank's</sup> President knew it; applied for job, but his report got into wrong stack, and his bank was allowed to open. "You can't make a liar out of the President. He said only sound banks could open, "You've got to make this bank sound," they said.

Roy Gidney (now Comptroller of Currency).

Mellon, Secretary of the Treasury, always voted to support New York; Jack Pole, subordinate, always voted against it. Mellon always won out.

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