

Internal Memorandum

March 1, 1954

Random Notes from Talk with Professor Arthur
Cole at Baker Library, Harvard Business School

In talking of Professor Robert Warren, Professor Cole suggested that we look up the Warren essays and also the second edition of Harold Reed's book on the Federal Reserve which Mr. Warren liked. The latter wanted history written in terms of what was known at the time when the historical event was occurring. He wanted annals which at the time of writing would consist of observations of what went on at the time and "this is the reason we think it happened." He had in mind the administrative decisions made in and of that time and later subject to criticism in the light of later knowledge.

Professor Cole thought it might be possible to do a volume of papers along this line which would deal with the changes in Federal Reserve operations and policy over the years. He said that Henry Chalmers of the Department of Commerce (now at the University of California in Berkeley) brought together a series of papers in a book entitled World Trade Policies. The Changing Panorama, 1920-53: A Series of Contemporary Surveys.

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Suggestions on Possible Contributors to this Series:

Mr. Cole said that Professor Wetter^eau at M. I. T. is interested in the history of American Banking and has two file cabinets full of material about the first National Bank. He wishes that this Committee would endow ^{Wettereau} him to write the history for which this material was collected.

He said that Walter B. Smith, now at Claremont Men's College, Claremont, California, is working on the history of the Second Bank.

Mr. Cole said that young Kemmerer was not too keen, and he would not recommend him for any work on this project.

Mr. Cole said that practically no one was working in the field of banking history. Asked why, he said he thought that, first, it was partly the lure of the Keynesian controls which consist, according to him, of a large dose of calomel; and, second, it was partly the lure of mathematical economics, econometrics, and model-building. In competition with these toys economic history has lost out.

To this a couple of young professors at lunch added that the banks were not very cordial in opening their records to students, and Walter Stark at a still later time said he thought that interest had swung away from institutional economics.

The luncheon discussion also revealed the belief that historians know very little about economics and economists little about history or its disciplines. The net result is the lack of good economic history or any current interest in banking history. In support of this, Mr. Cole mentioned the Committee on Research in Economic History and said that of the fields laid out for work banking had received the least.

Professor Carter Goodrich (Columbia) had a couple of banking history men working under him. The Federal Deposit Insurance Corporation has an historical branch in its Research & Statistics section.

Carter H. Golumbe did his doctoral thesis on the State Bank of Ohio.

Harvey Sigel^e at ^{Rutgers University} ~~Brooklyn College~~ did some work with younger men in banking.

Cyril James, now head of McGill University, wrote on the Chicago Bank.

William B. Gates, Jr., about thirty-five, took a Ph. D. degree at Chicago and did his doctoral dissertation on copper mining, but he is now interested in banking. He is at present with the International Bank for Reconstruction and Development but expects to go back to Williams College in the fall. He has drive and organizing capacity and might be worth considering. President James Phinney Baxter of Williams College is said to be eager to promote research by members of his staff.

Chandler Morse, now at Cornell University but formerly with the Board and earlier in the New York Reserve Bank, might be worth considering.

Thomas R. Navin has succeeded Professor Gras as Assistant Director of the Business School Division of Research and, therefore, presumably succeeded to Professor Gras' interest in business history.

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Professor Cole will keep this project in mind and send us other suggestions as they occur to him.

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