

March 22, 1954

Internal Memorandum

Washington, D. C.

*Treasury Files*

The request which I made at an earlier visit to Washington for some insight into Treasury files, particularly as regarded Treasury-Federal Reserve relations, bore elaborate fruit. Miss May Alexander, secretary to Mr. Randolph Burgess, set up a calendar of six appointments which took the entire day. It was not possible to keep the appointment with Dr. Howard Leland, Acting Director of the Bureau of the Mint, but all the others were observed. It was apparent, and by no means concealed, that the Treasury files, far from being put together in any central arrangement, are scattered among the various Bureaus and scattered when they cease to be of current use. Some of them have been sent to the National Archive. Others have been moved from section to section. Obviously, if one wants specific material, one must know to whom to direct one's inquiry. Then the chances are reasonably good, but not sure that the material will be forthcoming. There has long been a system for lack of it by which men in high posts took material from the files without any feeling of guilt. (Mr. Ogden Mills who took away 25 boxes of papers was one of these. Mr. Leffingwell also took away boxes of papers (check this with his statement that he did not believe in taking papers away)).

The series of interviews started with Mr. William Heffelfinger, assistant to the Fiscal assistant's secretary. Mr. Heffelfinger is a jovial man who has spent his life working in the Treasury. He came to my notice first in the conversation of Mr. Daniel Bell, who regards him very highly as the source of all information about the Treasury. Mr. Heffelfinger said that he came as a messenger and he told a beguiling story of watching what books were asked for by the men served and then going and getting those books out of the library. "Most of them were Greek to me but I kept on reading". He is now within four years of retirement. Whether he could write his memoirs or not, one does not know but certainly he is a mine of information. Mr. Heffelfinger said that Mr. Leffingwell, when he left, took with

him 20 boxes of "press-copy books" from the Treasury (this was a method of making duplicate copies - it is my impression that it preceded carbon paper, but I could be wrong about this). Mr. Elliott Wadsworth, assistant secretary, took matters concerning foreign loans. Files which follow his departure are now in the Bureau of Accounts in charge of Mr. Maxwell and Miss Rousseau, Room 4321, Extension 2142.

At the time of the bank holiday Mr. Heffelfinger was in the section which deals with surety bonds. He came in at that time to help Mr. Daniel Bell. There was an avalanche<sup>of</sup> records. Mrs. Ralf in the Bureau of Public Debt under Mr. Kelly, knows about these. Miss Helen Chatfield, at present Records Officer in the Budget Bureau, was the first filing Officer that the Treasury had. She also built the financial and monetary funds.

Mr. Bell was undersecretary and fiscal assistant secretary, occupying two jobs at once. Mr. Bartel took the second office after Mr. Bell left. Mrs. Walker has some of the wartime files which were compiled under Mr. Bell. She has five files of policy discussion files. She also deals with matters of wartime credit.

The 1920 volume of The Secretary of the Treasury's Report is said to be specially good.

The Liberty Loan Federal Reserve material is in the Bureau of Public Debt in charge of Mrs. Ralf<sup>Ralf</sup> in Room 1324, Extension 2274.

Material concerned with analysis is in the Public Debt Branch under Mr. Mayo. There was very close cooperation with the Federal Reserve System under Mr. Mellon.

Records of Secretary Snyder are matters which might be found by Miss Kelly, who was Mr. Snyder's secretary and is now the secretary of Mr. Humphrey.

Mr. Heffelfinger does not know about files belonging to the Comptroller of Currency. He says that Mr. Ray Gidney's office would know about these.

In talking about the penalty of a decentralized filing system such as the Treasury has, Mr. Heffelfinger said that after the Peace Conference of 1917, Mr. Paul Cravath, who was at that time a special assistant, came back with a great body of files to be woven in to the foreign exchange files of the Treasury. Mr. Albert Raiffbone<sup>th?</sup>, Mr. Norman Davis, Mr. Franklin, Mr. Weed, Mr. Parker Gilbert, Mr. Nicholas Kelly, Mr. <sup>Lattin</sup>Ladting, Mr. <sup>Kate</sup>Kaet, Mr. Stegiman and Mr. Rappaport, all of them extremely able legal experts in the New York field, were at that time working for the Treasury in connection with the Paris Peace Conference. They served for a salary of \$3,000 a year.

At the end of World War I the Judiciary Committee of the Senate investigating something about the conduct of the War or the Peace, asked for the Treasury files. The Treasury photostated a dozen four-drawer files and made three copies. They then took the files to the Senate and told them that the documents were here. (Mr. Bell also told this story).

Mr. Heffelfinger spoke of a Leffingwell-McAdoo memorandum concerning Mr. Hoover which might be interesting.

Of this mass of Treasury material, the Senate took out the juicy bits and used them.

Mr. Heffelfinger would be of great use in identifying early papers. He can tell from initials on papers who was responsible for them.

In reminiscing, Mr. Heffelfinger said that the use of fractions in computing the price of gold came about because decimals had to be carried out so far as to become impractical.

Mr. Heffelfinger gathered together Mr. Burdett and Miss Rousseau. Mr. Burdett says that files before 1933 in his division, were sent to the National Archives.

Miss Rousseau still has the Foreign Exchange subject and date files. Foreign country files of World War I are under her care in the Main Building on the 5th floor. Section 13 advances are here. The old secretary files went to the Archives.

Mrs. Ralf has ten file cases of the Liberty Loan material and perhaps one file case of policy correspondence.

Volume 3 of the inactive files index lists a National Defense series, Liberty Loans, Old Loans, etc. In these is the story of Liberty Loans from the Treasury point of view. (That is it ought to be here. It is at any rate worth investigating).

The next interview was with Mr. Robert T. Mayo, Chief of the Debt Division Analysis Staff, Room 3036, Main Treasury Building, Extension 2027. Mr. Mayo says that pre 1946 files of this division are intact, but in a mess. They are in the annex. They are accessible, but not in order. These include the study of World War II finance. They include valuable notebooks of memoranda, but the question is where to start.

This division was preceded in turn by the Technical Staff, the Research and Statistics Division, the Tax Analysis Division, the International Division.

Mr. Mayo said that the pre 1933 files may be there in rather scattered condition, but there was no real research organization before that time and hence no files.

The work of World War II in these files is very wide. Throughout the post-war period the material is well documented. This includes Mr. Snyder's answers to Mr. Patman, particularly in Question 17 on the Treasury position. There is some internal material on the Treasury Federal Reserve "Accord" of 1951. This is under Secretary Foley's files. (Mr. Snyder came to the Treasury in June of 1946. He was there through January of 1953 except for six weeks in February of 1951 when he was in the hospital. These were crucial weeks. It was, I think, during that period that the "Accord" was framed). Mr. Mayo suggested that Mr. Henry Murphy's book

might give the thought pattern behind the operations of that period. The files alone might not give this.

Mr. Peter Odegard was at the Treasury during the 1940's, at least the early 1940's, as assistant to Secretary Morgenthau. He started at that time on a history of War Finance (was he at Reed College). Mr. Mayo does not know how far he got along on this.

The material on financing World War II would be partly under Mr. Mayo's care and partly in Mr. Bell's files. It is Mr. Mayo's belief that Mr. Snyder had very few top notch assistants who could handle the thorny problems which were all around him. His difficulty was that he tried to do everything himself. Mr. Snyder was a man who picked up things easily. He read everything sent him and he learned a lot, but he had an insufficient background for the job and he lacked capable assistance. He did bring in Mr. Overby and Mr. William Martin to cope with the international phases of his responsibilities. Mr. Martin is now Chairman of the Federal Reserve Board and Mr. Overby is serving under Mr. Burgess.

The next interview was with Mr. Henry J. Bittermann, specialist in gold matters for the office of International Finance of the Treasury, Room 3204, Main Treasury, Extension 2855.

Mr. Bittermann states that the division of Monetary Research of the Treasury arose out of the 1933 Act and the shift in gold. This matter of the shift in gold from the Federal Reserve Banks to the Treasury keeping, would be in the secretary's files. He thinks, however, that the documentation for this is scanty.

Mr. Bittermann states that matters of policy would be mostly in the General Councils' office. Mr. Henry Murphy might know where some of this is located; so would Mr. George Haas, the former head of research and statistics, now ill and retired. Mr. Haas is now in Florida. He knew a great deal of what went on and helped make part of it. He would undoubtedly remember. His papers

are under Mr. Mayo.

Mr. Bittermann suggested that Mr. H. Merle Cochran, who was in the Treasury in the 1930's, had a great deal to do with international matters. He was in the Bureau of Accounts and his files may be there.

Mr. Eddy Bernstein, of the International Fund, was Mr. Harry White's man on stabilization. He also may know a great deal though he has no affection for the Treasury.

Mr. Bittermann says that the function of the Federal Reserve as fiscal agent for the Treasury is a matter carried on between the Treasury and the New York Bank, not with the Board. On the other hand, the matter of the debt, the discount rate, etc. is a matter between the Treasury and the Board.

The next interview was with Mr. John Carlock, assistant General Council, Room 3308, Main Treasury Building, Extension 324. Mr. Carlock states that until 1934 there was no General Council in the Treasury. The Treasury's legal work was done by the Justice Department where there was a solicitor of the Treasury. He did not seem to think that the Council's files held very much. He said there was nothing on the start of the Federal Reserve Bank or any ideas which the Treasury might have had at that time; very little on the Banking Act of 1933; and little on the Banking Act of 1935.

He said that the Trans America case was an issue partly between the Federal Reserve Bank and the Comptroller.

He said that the most interesting material on the Treasury now, was that turned up by the Joint Committee on the Economic Report and its hearings. The Douglas inquiry and the Patmann inquiry were both subdivisions of this.

The Treasury has for some time, been carrying on a history project. It is in charge of Mrs. Dewees. Mrs. Dewees has in her charge various documents which come in from the Treasury and which she puts into black books, constituting a summary history. She has two carbons of memoranda on the discontinuance of the

Sub-Treasuries. This is material which is usable, but by no means confined to this place.

One detail, which has its amusing side, is her possession of the report to the Reserve Bank Organization Committee by the preliminary committee on organization. Mr. H. Parker Willis was Chairman of this and under him were Mr. Edmund D. Fisher, Mr. Andrew A. Benton, Mr. O. Howard Wolf, Mr. Joseph A. Broderick, Mr. Ralph Dawson and Mr. Steven A. Farnham. These gentlemen issued a confidential report and the one in the Treasury is labeled No. 1. It is dated, merely, June 1 without any year on it. I promised Mrs. Dewees that if I could check this back with other librarys and get her the year, I would do so.

The next appointment was with Mr. Robert H. Perry, Jr. of the office of Administrative Services. Mr. Perry made the connection with Mrs. Dewees and also with Miss Isabelle Diamond, who is in charge of the Treasury library. The library is on the 5th floor of the Treasury building. It is extensive and looks well equipped. There was not time to go into it in any detail. The chief thing of interest is a series of perhaps, ten volumes of memoranda, speeches, etc., all carefully bound, which constitute a record for Mr. William McAdoo and Mr. David Houston, both of them secretaries of the Treasury. There was not time to go into these, but they might be interesting at another day.

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## TREASURY SOURCE MATERIAL FOR STUDY OF FEDERAL RESERVE SYSTEM

### OFFICE OF THE SECRETARY FILES

Miss Lucille Henderson, Ext. 2887, has supervision; Mr. Percy Burdette, Ext. 2588, Rm. 1217, has active charge of these files.

Under the Treasury's decentralized system, documents flowing through the top offices are ordinarily returned for filing to the bureau or office having operating responsibility. Top officials usually maintain personal files for quick reference, consisting largely of carbons of material lodged in the operating bureaus; to a greater or lesser degree, depending on the wishes of the incumbent, some original material is retained in the top office files. When a top official leaves office, his files are transferred to Mr. Burdette.

Also, some operating offices in the Office of the Secretary, such as the Analysis Staff, send material directly to Mr. Burdette for initial filing.

Office of the Secretary files for the period 1918-33 have been transferred to National Archives.

### DEBT DIVISION, ANALYSIS STAFF

Mr. Robert P. Mayo, Chief, Room 3036, Ext. 2027, will discuss the Debt Division files with you. Mrs. Margaret Wright, Room 3041, Ext. 2056, is in charge of records and files.

The Debt Division does economic analysis, statistical and correspondence work relating to debt management.

Much of the completed correspondence is sent to Mr. Burdette for filing; the remainder is kept in the Debt Division files.

The Technical Staff, which preceded the present Analysis Staff, left files which are lodged on the 5th floor of the Treasury and which will, when time and personnel permit, be weeded out and sent to the National Archives. The Debt Division has, I understand, removed certain material for their current files. Miss Florin, Ext. 2868, was in charge of the Technical Staff files and is familiar with them. However, Mr. Mayo will be able to advise you about them.

### THE FISCAL SERVICE FILES

The Office of the Fiscal Assistant Secretary maintains its own files, as do the Bureau of Public Debt, the Bureau of Accounts and the Treasurer's Office.

Mr. William Heffelfinger, Assistant to the Fiscal Assistant Secretary, Ext. 381, Room 3452, is thoroughly familiar with the entire Fiscal Service and will provide access to the material in the various files.

GENERAL COUNSEL'S FILES

Mr. John Carlock, Assistant General Counsel, Room 3308, Ext. 324, will provide access to the material in the General Counsel's files relating to legislation, "the Accord," the Patman study, and other matters relating to the Federal Reserve in which that office participated.

OFFICE OF INTERNATIONAL FINANCE FILES

Mr. George H. Willis, Director, Room 3222, Ext. 305, can advise you about the OIF files on the Gold Stabilization Fund, etc.

BUREAU OF THE MINT FILES

Dr. Leland Howard, Acting Director, Room 3132, Ext. 435, will discuss with you the Mint files. Mrs. Agnes Mulliken, Room 5124, Ext. 2577, is in charge of the records.

BUREAU OF ENGRAVING AND PRINTING FILES

Mr. Alvin W. Hall, Director, Room 116, Engraving & Printing Bldg., 14th and C Streets, S.W., Code 137, Ext. 443, will be glad to talk to you and introduce you to Mr. Donovan, Chief of their Office of Administrative Services. Mr. Hall mentioned there was some interesting material on the emergency currency they printed and provided the Federal Reserve in March, 1933.

MAIN TREASURY LIBRARY

Miss Isabella S. Diamond, Room 5023, Ext. 2069, is in charge and will be very glad to help you. I understand the library has a wealth of material, including a complete set of the Secretary of the Treasury's Annual Reports.

THE NATIONAL ARCHIVES

Mr. Lyle J. Holverstatt, Code 151, Ext. 6497, Room 11-E, National Archives Bldg., Pennsylvania Avenue and 8th Street, N. W., has charge of Treasury files lodged in the Archives. Mr. Robert Perry, in Treasury, is in charge of Treasury records and the transmittal of material to the Archives.

TREASURY HISTORY

Mrs. Elma Dewees, Room 1208, Ext. 2533, maintains a file of records of historical interest relating to the Treasury. Just how complete this is, I do not know.