

May 25, 1954

Internal Memorandum

Federal Reserve Bank of Boston

With Mr. Walter Eddy

Mr. Eddy has been an invalid for many years. He does not look it, but, he is said to have had serious tuberculosis - the removal of one lung. He is a very nervous man who talked in a jerky fashion and said that one of the elements of his illness had been a necessity to forget the past. Under these circumstances it was not easy to ask questions or to get replies. He did, however, contribute several things of ~~great~~ value and there is no doubt that if it were possible to persuade him to sit down and do some consecutive work on this problem he could be very valuable. I left the idea with him, but, I am not at all sure that we will get anything from him. His attitude was that of one enormously interested, but, who has burned his fingers in the past and is not anxious to get them burned again.

Mr. Eddy came to the Board from the Treasury and at that time the Board had its offices in the Treasury Building. He remembers the old days when colored messengers sat outside ~~of~~ each important office and when after hours, with the colored women coming in to clean, singing would rise from the basement and come up through the entire building.

He spoke of the importance of finding out about Paul Warburg, Webb Chapman, Adolph Miller, Ray Gidney, Hamlin, Harding, Eddy, Adelson and Burklin.

He said that Mr. Harding did a great deal of writing and thinking and might have left valuable papers. Parker Willis was there as a research man. Jacobson came later, but not as an administrator. George Roberts, Sr. was there, and as he had been in ^{Asia} ~~the East~~, kept an abacus handy. Mr. Eddy remembers him moving the beads on the frames.

The Board's bulletins were made up in New York under Mr. Willis' direction and sent on to Washington. Mr. Miller considered himself editor-in-chief.

In 1923 Mr. Stewart came in as head of research and started things moving in a more modern way. He was a very popular man who met people well and knew how to handle them.

The importance of Mr. Warburg to the Federal Reserve was the fact that he established the acceptance market where none had existed in the United States. The very idea was a fine idea and the tool was one which American bankers had never had.

Mr. Eddy spoke of the conflicts of early days in which Thomas Heflin of Alabama and John Skelton Williams were in opposition to W. P. G. Harding and Carter Glass. He suggested that we [?]recover the speeches of Thomas Heflin. There ✓ were five Heflins in Alabama at the time and they dominated politics in that state.

He also thought we might find important material in the Manufacturers Record of Baltimore.

In that early era cotton played an important part. Woodrow Wilson was a southerner and sensitive to southern needs. The matter of par collections (remember the Richmond bank trouble) tie in with the opposition of the south. Southerners wanted cotton to be sold \$1.50 when it was selling for six cents.

He thought that we should also look into the growth of the branch banks, that is, branches of the Federal Reserve regional banks in relation to the growth of the home branches. He thought, for instance, that the growth of the Baltimore branch had a very definite influence on what happened in Richmond.

He said that Mr. W. P. G. Harding's book was a very good job.

(In the early period when he came in, period of the singing cleaning women, there use to be standing desks for men in the offices).

Mr. Eddy laid great stress on the importance of the discount development. He said it was a great change from the easy old American way in which every banker made his own rules. His emphasis, which was not clear, but, which obviously carried force, were such that this needs to be developed perhaps as a period in which the discount rate as a new invention flourished for a short period and then became of lesser importance as new inventions came along. There is no doubt that he considered its creation a great improvement. He said that the currency of those days was actually backed more by the knowledge of the examiners than by any other thing. Our Chicago men would know about this period. He related it to the corn fields of Iowa and to New England cotton and factorage to cattle in Texas, all of which he considered highly important background for the banks. He went out to Texas with Harding to look into the cattle situation and followed it north along the old lines of cattle herds to the Canadian border.

Asked about people who would be valuable he mentioned the following: Jim McDougall, Mr. Heath, Mr. Sterling Kramer of Chicago, Mr. William McChesney Martin of St. Louis, Governor Talley of Texas, R. B. Coleman and Mr. Gilbert of Texas, Mat Fleming of Cleveland - First Deputy Governor now living at St. Petersburg, McIntosh of Chicago, Bob Emerson now Vice President of the First National Bank of Boston who was Executive Secretary or Assistant to the Governor of the Board in Texas.

He said that Mr. Case knows more about the open-market operations than anyone but Mr. Harrison.

Mr. Eddy could probably contribute much more at another time. He was an operating man, but he has thought a great deal about this. The difficulty is to get him in a quiet mood when he can talk without damaging his own nervous system. This should be followed up.

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