

December 10, 1954

Internal Memorandum

Interview with Dr. Walter Stewart

This interview was sought in order to get more light on Dr. Stewart's suggestion at the Princeton meeting of a questionnaire which might be framed and sent to several people who were to be interviewed on the same subject. Apparently it was Dr. Stewart's idea that the episode or period which has been so much discussed in this process of developing an outline was a thing which should be talked about with several people who were present at the time. He feels that the monologue, which is one form of interview and the most common when a general question is asked, is useful only in the early stages. What he called an "adjusted symposium" would be considerably better for controversial periods. The "adjusted symposium" would be a conversation with two or three people who were present at the same time. It is his idea that such a conversation might recall the argument which lay at the heart of the episode and something of the heat which surrounded it. He said, "I don't care for the remembered thing if it is without root and without controversy."

Dr. Stewart read a fraction of the verbatim testimony at Princeton, and his comment was that it had been taken down by a good man and that it had the flavor of actual conversation. He also said he thought that we were developing a new technique of historical inquiry in this thing.

I asked him if, for instance, the theory that what happened in 1924 was responsible for the panic of 1929 (that is, the policies of the Federal Reserve Board in 1924) was a thing which could usefully be discussed between such men as Randolph Burgess, Winfield Riefler, and himself. I also asked him if we would get more information if it were handled that way or if three separate discussions were held with the three separate men. It was then that Dr. Stewart talked about "the remembered thing." He said he hoped that in such a discussion with the three men named, the heat of the interview would also be revealed. It seemed also possible to him that memories might

be spurred to going to a deeper layer than if this were a matter of a monologue to an interviewer. I had suggested that the interview be directed by someone like Dr. Chandler who would have read all available literature on the subject and be thoroughly aware of what was commonly said and what he wanted to ask.

Dr. Stewart then went on to talk about regional aspects of the Federal Reserve System. Hitherto, he has been inclined to brush these off without very much interest, but something has stirred him to give them more value. He said that the claim for the regional importance of the Federal Reserve Banks will not stand up if it is a matter of episodes. In other words, the regional importance of the twelve banks in the System is not a single matter of what is done at a specific time or of a specific kind of influence coming in from the regions. On the other hand, it is very important in the matter of recruiting of men in the Board and their attitudes to Board policy. It was then that points of view and prejudices showed themselves and entered into the thing which is called with some exaggeration the American Way.

Dr. Stewart then went on to talk about the difference between the British and the American Civil Service. He said that in the 1920's the desire to emulate the British Civil Service was very strong in the United States. It was commonly said, "If only we could hold this British-American cooperation together, if we could send our young men to be trained over there, if we could get the combination of our money and their brains, we could beat the world." Now, we still have regard for their Civil Service, but we are no longer trying to emulate it in this country (there are forces which would make it impossible to do so under our present mob psychology).

In Great Britain, a man can be a member of Parliament and a business man with no difficulty. He lives in the same town, and he moves from business to the affairs of Parliament with no strain. In this country, that has been difficult, if only for the reason that New York and Washington are so far apart. In the days of the

New Deal, when Wall Street was the enemy, Morgenthau was continually questioning Stewart about people suggested for appointees, "Has he any connection with Morgan's? Wasn't he a director in a trust company?" It was always, "Down with the malefactors of great wealth." Nowadays, that has rather passed away, and partly because so many men have gone back and forth between Washington and New York. The men who were in Washington in the New Deal have now returned to New York, and the men who were in New York during the New Deal have, some of them, come to Washington. It all makes for a basis of common understanding which may, in some way, be a substitute for the study of the Classics of the eighteenth century which was the great common denominator that united the governing class. (This goes very much further than Mr. Stewart developed it, and it might be worthwhile following it out. He will have no objection if I decide to do so).

Mr. Stewart then went on to talk about the extraordinary second generation which shows itself in power in America at the present time. The son of E. H. Harriman is now governor of New York State, and extraordinary that the son of that particular robber-baron should be serving the state. The sons and grandson of Rockefeller are serving the nation. Stevenson, grandson of an old statesman, is taking his position with a great deal of breadth and understanding. They are a competitive-minded lot, but they have sense of family. It is no longer necessary to be born in a log cabin in order to be a successful politician in the United States. The war and the income tax have been the great levelers and, at the same time, the great raisers to a common denominator. He finds it extraordinary that Mennon Williams should be a responsible and able governor. That stock he had regarded as bad stock, and it is wonderful that it is coming through.

Mildred Adams