

April 11, 1955

Internal Memorandum

Interview with Mr. Herman Mangels - San Francisco

Mr. Mangels, now First Vice President of the San Francisco Bank, has been in the Bank's employ since 1916. He has been an officer since 1920 and first vice president since 1947. His first job was that of clerk in the Bank of Monterey in Monterey, California, so that he has spent his entire life in banking. He is said by his associates to be an extremely meticulous man who wears himself out looking after details. He is at present in charge of the branches, but his knowledge of the Bank is far more extensive than that.

Mr. Mangels was not in San Francisco the first week that I was there and came into the Bank on Monday morning from a sick-bed because he knew that I was there. This kind of disregard of his own health is said to be characteristic. For some reason, and perhaps because this was the last interview with officers, it will be a very sketchy one. The conversation jumped from subject to subject.

Mr. Mangels talked in considerable detail of the struggle for authority between Mr. Perrin, who was the Chairman, and Mr. Calkins, who was the Governor. He said that it was lively and continuous but that, so far as he remembered, it did not interfere with the efficiency of operations and was not known below the officer level. It showed itself in examples like this. One of the men would send a letter announcing pay raises in a branch. The other man would send a telegram announcing the same pay raises, and both would take credit for it. Obviously, there must have been less childish instances than this, but this is the one which he remembered.

He says that the Bank has a set, a complete set, of the original circulars from the very beginning which go straight to the present. It also has a complete set of the Act and the revisions.

Mr. Mangels himself has the papers of Mr. Ira Clerk which means, I assume, that they have not yet been sorted and arranged within the subject file. It might be

well to write and ask that he hold them out until they can be examined by a research assistant.

The San Francisco Bank is in the process of collecting photographs of its officers. They have none of Mr. Kains except those in printed form in the employees' bulletin. Mr. Mangels asked that we send any suggestions as to people who might have known Mr. Kains in Canada, so that they might search further for a photograph.

Concerning the evacuation of the Japanese, Mr. Mangels said that the whole thing was covered, not only in the volume specifically about the evacuation (Evacuation Operations - Pacific Coast Military Areas - 1942), but also in the Bank's 1942 Report to the Directors. Mr. R. E. Emerson, now Assistant Manager at Seattle, and Mr. H. D. Armstrong, now with the Standard Oil of California, were in charge of this evacuation.

Concerning the Bank of America details, Mr. Mangels says that notes of conversations which Mr. Calkins held on the matter still exist. (There should be further information about this).

Mr. Mangels said that in 1929 the San Francisco Stock Exchange supported the ^(predecessor of Bank of America and Transamerica) Bank of Italy stock price at 62 for a full day and a half before they were forced by falling prices in other sectors to let it slide with the rest.

Speaking of the difference between the agricultural crisis of 1920 and the difficulties which led to the banking holiday of 1933, he said that the earlier crisis was worse in the northeast sector of the district than was the second one. In the banking holiday the banks were still solvent, but in 1920 the banks were in very dire straights. The trouble had been brought about by a fall in commodity prices plus a series of crop failures. The result was that the farmers, customarily borrowing from their local banks in order to buy seed and machinery, were completely broke and could not hope to repay their loans. Nevertheless, there was also here, as usual, the factor of weakness in some banks and strength in others. The weak banks failed; the stronger ones survived. By and large he regarded the district as having been "over-banked" at that time.

His own belief is that the Reserve Banks did in many instances save the local communities from complete collapse. There are still older men in the state of Washington who remember the episode and whose gratitude to the Federal Reserve System survives. Mr. Mangels will try to send us a list of names. He mentioned Mr. Davis in Walla Walla, Mr. Witherspoon in Spokane, Mr. Orville Adams in Salt Lake City, Mr. Leisner, now in charge of the Seattle Bank and oldest man in point of service in that district, and Mr. Partner, Mr. William Hale, who now lives east of Berkeley, Mr. Morgan Kraft in Los Angeles, and Mr. Fred Greenwood of Spokane.

During the banking holiday, Mr. Mangels and other officers spent all day and all night in the San Francisco Bank. This seems to have been common among the banks in all districts.

In 1916 he was sent to open Spokane and Seattle with Mr. Shepard, then to Salt Lake City with Mr. Day, then to Los Angeles.

Concerning the branches, he spoke of the continuing ambition of Los Angeles to become the center of a Federal Reserve district. There is a fringe of counties between Los Angeles and San Francisco which move one way or the other depending on communications and transportation - a fringe which constitutes a kind of no-man's-land. It is the continuing ambition of Los Angeles to draw all of these within itself, within its own branch district, and they now have one on the eastern edge of the state which actually extends north of San Francisco, but because of the mountains in between is not easily reached by transportation to San Francisco. This makes for a good deal of quiet amusement on the part of the San Francisco home office which has always been infused with "a passion for anonymity."

does not share Los Angeles ambition but

Salt Lake City is said to have been going ahead in the last ten years but to have grown more slowly than the coast regions. Portland is more like Salt Lake City. Seattle is expanding with the Boeing Aircraft Company. They have oil industries and natural gas now coming up by pipeline from Texas. They also have a big lumbering industry. Nothing, however, has replaced the China trade.

The Spokane Bank, Mr. Mangels says, was closed because there was such a change in banks in that particular territory. Check collection and the RFC Custodian Operations went on later.

Returning to the competition between Mr. Calkins and Mr. Clerk, Mr. Mangels said that Mr. Clerk started as an auditor and Mr. Calkins as a paying teller. There then came the unhappy day (this must have been 1935) when Mr. Calkins was no longer governor because the office of governor had been abolished. The Board of Directors elected him as president, but the Washington Board did not ratify this. (This was at the same time that Mr. Norris of Philadelphia, Governor Seay of Richmond went out as older men whom the Board did not care to continue). Mr. Day was made President succeeding Calkins. His term as President expired two weeks before he was 65, and he was reappointed. Mr. Mangels said that after he was reappointed as President, it was Ira Clerk who ran the bank. Mr. Calkins, he remembers, was a very strong man, second to Benjamin Strong. He was the father and founder of the retirement system. His boast was that "he started it and was going to break it." He lived to be 90.

The branch managers come in three times a year. Mr. Mangels will see that the men contribute their memories to this project.

Concerning problems and operations peculiar to the twelfth district, Mr. Mangels cited the operation which brought gold and financial materials from the Philippines at the time when they were being occupied by Japanese. At a point in the war, a submarine entered the harbor of Manila. (This is very sketchy but probably can be verified). There was a night loading of gold, jewels, and other material of value which could be transported. At a moment, the submarine reported to a cruiser, and all the materials were transferred from the submarine to the cruiser. The cruiser then brought them into San Francisco harbor, and the Federal Reserve Bank was asked to take charge of them. The material came without any bill of lading or consignment list, and

the first thing the Bank had to do was to make a list of the contents of the cargo. It included gold bars, unset diamonds, materials from pawn shops, and so forth. There were also some records which had been sent by banks to the submarine in hopes of getting them out. There is a memorandum dated January 31, 1942 to the high commissioner which recounts the experience of the Bank in handling this. This memorandum is in the files and should be consulted by any historian interested in the twelfth district.

MA:IB