

April 26, 1955

Internal Memorandum

Early Days of the Federal Reserve System

The first report of the Federal Reserve Board was issued January 15, 1915 and entitled Annual Report for 1914. It contained the information that the Reserve Bank Organization Committee had 72 employees just prior to November 2nd, when work was taken over by the Board. 40 of these employees of the Organization Committee were taken onto the Board, and 5 new ones were added. The desire to get onto the Board <sup>staff</sup> was country-wide. The Board had 1250 applications for jobs, and examinations were held in 400 cities. Of the first group mentioned in the 1914 report, all Board members (Harding, Warburg, Delano, Hamlin, Miller, Williams, and McAdoo) are now dead. The private secretaries were as follows:

Mr. Adelson to Mr. Harding

Mr. Chapman to Mr. Warburg

Mr. De La Mater to Mr. Delano

Mr. Foulk to Mr. Hamlin

Mr. Gidney to Dr. Miller

Mr. Stauffer to Mr. Williams

Of these six private secretaries, two, Mr. Gidney and Mr. De La Mater, are still living.

The stenographers to members were as follows:

Mr. Eddy to Mr. Harding

Mr. Titus to Mr. Hamlin

Mr. Ball to Mr. Delano

Miss Waters to Mr. Warburg

Mr. Peiffer to Mr. Williams

Of these we have records indicating that only Mr. Eddy is alive, although there is some doubt about the other four.

Mr. Harrison was legal assistant to Judge Elliott, first counsel. Mr. Bradley was secretary to Mr. Elliott, Mr. Stuart secretary to Parker Willis, and Mr. Burklin listed as stenographer. Of those, Mr. Harrison and Mr. Burklin are living. Mr. Kitzmiller and Mr. Jemison were listed as file clerks. Mr. Jemison is the man who set up the card system now so useful by which important letters were listed on file cards and filed under the name of the member writing them and the date.

The Data File, Number 251.5, of 1915 contains the text for the 1915 report of the Board with its various emendations and corrections. A paper appearing in this group of papers was apparently written by F. A. Delano, and two paragraphs of particular interest seem to have been crossed out, as they do not appear in the final text. They read as follows:

"The vast structure of modern deposit and credit systems is one of extreme delicacy because it rests upon a comparatively small foundation of actual gold. These banking systems are closely interwoven with each other, and financial collapse of one important country invariably threatens to affect others. Safety in critical periods will lie in the confidence our system commands, the strength of its reserves and its power to marshall them promptly and effectively.

"The Federal Reserve System will have rendered a service beyond measure if it succeeds in performing this function of protecting the country from the dangers of both too high and too low rates and from the effects caused by violent financial convulsions in other countries."

The rest of the paper proposed by Mr. Delano is as interesting in its setting forth of the point of view of the intelligent Board member in that period. It also contains the following interesting sentence.

"The ready availability of its resources is the proper test of the conduct of a Federal Reserve Bank."

The entire document is worth reading by anyone interested in tracing various

points of view of Board members at that early stage.

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