

June 15, 1955

Internal Memorandum

Interview with Mr. Clarence Tow, Director of Research, Federal Reserve Bank of  
Kansas City

The Research Division of the Kansas City Bank is now headed by Mr. Clarence Tow, Vice President in charge of Research. He came to the bank in March, 1944 with Mr. Charles Hardy. (The relationship between these men is a little vague. According to our records, Mr. T. Bruce Robb was Director of Research at the Federal Reserve Bank of Kansas City from 1937 to 1950. Mr. Charles Hardy was a vice president of the bank from 1944 to 1945, and as a recent member of the research staff of Brookings Institution, he undoubtedly had a hand on research there. However, Mr. Robb's term includes the year that Hardy was there. Tow came in with Mr. Hardy and stayed after Hardy left. Mr. Robb had at one time the title of Manager, and it may be that he was the active manager of the department, whereas Hardy was the vice president in charge and Tow worked up from a minor position to be called Director of Research. In January, 1952 (January 1, 1952) Mr. Tow was made Vice President in charge of Research.) (See letter of 6/28/55 from Mr. Tow for correct detail on this.)

Mr. Tow is an active and energetic person who has obviously given the research work at the Kansas City bank both effort and prestige. The staff was very small when he came in. It now totals 30 full time workers, of whom about half are professionals. He has a dozen economists, 8 with Ph.D. degrees and 3 with M.A.s and 2 statisticians, a librarian and two journalists who prepare material for popular use. In addition he has a pool of women workers who are called in when it is time to handle the operating ratios, earnings, and so forth and the work suddenly undergoes a kind of cyclical increase.

The primary aim of the department is public information and education. Mr. Tow believes that monetary policy has very little success if it is kept in a narrow wrap, but that it must rest on broad economic knowledge. He believes that the tenth district cannot do its work adequately without also knowing what the national and international picture is. His goal is triple, first, research for the bank, the

Board, and the public; second, information for the public; third, bank relations.

Research includes economic intelligence for the bank and Board, including an inside summary of conditions. It also includes talks when requested. The Board sends out requests for work on special topics, and this varies according to year and what is going on. They ~~very~~ recently made a real estate study of which they were very proud. Projects are of all sizes. Questions sometimes originate in the Research Department, sometimes the Board of Governors. They sometimes originate in Congress. They are always referred to the Research Department.

Research in writing includes work for the Open Market Committee, including a round-up and special studies.

The Federal Advisory Council member resident in Kansas City always gets a memorandum on the economic conditions of the district before he goes to Federal Advisory meetings in Washington.

The chairman and the deputy chairman are prepared for meetings on economic round-ups written by the staff. This kind of briefing is also done for the president of the bank before he goes to the Presidents' Council.

There is very little public speech-making by officers in Kansas City. This information came in answer to my question as to whether the Research Department had the job of ghost-writing officers' speeches. Apparently, on the few occasions when the officers do make speeches, the material is prepared in the Research Division. Whether or not the speeches are actually written there depends on the officer who is making them. Mr. Leedy writes his own speeches, but depends on Research Division material.

### Research Projects

These come under two heads, first those that are published and second, those that are done for internal use. The greatest effort of the division goes into the Monthly Review which has been expanded into a larger format than it had when Mr. Tow came in, and he is obviously proud of it.

The project for internal use originates sometimes in the department and sometimes with officers' questions. Mr. Tow believes that both the staff and the work put into these have improved.

### Public Information

Mr. Tow gave us a check list of the separate publications which the bank issues. The Monthly Review, when Mr. Tow took it over, went to 600 or 700 people. Now it goes to 17,000.

As speaking engagements, which come under the head of Public Information, there were 132 speeches made in 1954, of which 66 were forums, forum speeches, and 66 were single efforts. In addition to this, the bank work with universities and colleges is close.

They issue a regular series of press releases and do some work in bank and public relations.

The aim of all this is to coordinate fine economic research and interest with the needs of an intelligent lay audience. The department does not try to go down to the comic strip level, but they do try to reach a wide public.

As for the forums, those Mr. Tow was quite proud of. Ten were held in Oklahoma in March, 4 in Wyoming in September, 8 in Colorado in November.

For these studies chart books are made for a selected audience of top officers of the commercial banks and distributed at the forums.

The main effort of the department goes into research in first, the economic situation where they expect questions from the floor, second, agricultural economics again where they expect questions from the floor, third, speeches for a dinner, and fourth, there's a speech for the financial economist who expects questions from the floor. These forums are informational two ways. The research staff gets information from the outside, and this is many times, they feel, as valuable as the information which they themselves give out.

The last classification is participation in the educational work of the A.I.B.

The latest public gathering was the fortieth anniversary dinner at the Hotel Muehlebach in November of 1954.

Asked whether pressure for the improvement of research came from the Board or the bank, Mr. Tow thought that about 1940 there was a push from Washington to build up the staffs. When Mr. Hardy came on December 15, 1943 the research staff still had four people on it, one economist and three clerks. There were twelve when he left.

The end of this seems to set the question of sequence better. According to this last note, Mr. Morgan was at the bank as research man first, then Mr. Robb came in February, 1937 from Walter Jewel College. Mr. Hardy left in September, 1946, and Mr. Tow took over in the mid-fifties. The present staff has been built up since 1950. (It might be well to see Mr. Woodlief Thomas on all this.)

MA:IB