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Internal Memorandum

Interview with Dr. Eugene E. Agger at Rutgers University, New Brunswick, New Jersey

Dr. Agger was one of the first people suggested by Mr. Sproul as possibly having memories of early days in the Federal Reserve System. He is 76 years old, a bright and active professor emeritus at Rutgers, who has turned his interest from banking to housing and community development.

Dr. Agger's memory of his early work in the Federal Reserve went back to his first entry into the field of money and banking. He studied at Columbia University under Professor Edwin Seligman and wrote his dissertation in public finance. At that time there was "a hole" in money and banking study at the universities, but the panic of 1907 stirred interest in this subject all over the country. That was the year in which Dr. Agger got his degree from Columbia University. In pursuit of his new interest, he made contact with H. Parker Willis, then at Georgetown University in Washington, and when Willis resigned from the secretaryship of the Federal Reserve Board in 1918 to become Director of Research for the Board, Dr. Agger suggested to Professor Egbert, then director of the new School of Business of Columbia, that Professor Willis be invited to come to that institution. Not only did he come, but he brought his work as head of research for the Federal Reserve System and set up offices in the building which now belongs to the School of Journalism at Columbia. Dr. Agger became his assistant with the title of Assistant Director, Division of Analysis and Research, Federal Reserve Board, but occupied that position only for a year. He was then invited to go to the National City Bank as an expert in foreign exchange and foreign banking.

Professor Agger's particular task in research for the Board was to keep an eye on gold, and it was his work in that sector which attracted the attention of the National City Bank. He went there at the invitation of Frank Vanderlip, who was intensely interested in foreign banking.

I asked Dr. Agger how it was that Willis could develop research work for a Board in Washington when located in New York. He said that Dr. Willis was a man of enormous energy, working in a field in which very little had been done. What he really did was to develop material and to lay the foundation for a research division which was afterward brought to a stage of greater accuracy and usefulness under Walter Stewart, after the division was moved back to Washington.

Dr. Agger is of the opinion that H. Parker Willis taught Carter Glass all that the latter knew about central banking. He wanted the System set up from the commercial banking point of view and decentralized. Not only did he have no interest in a central bank as such, but he heartily distrusted it. This brought him into open conflict with Paul Warburg, born and trained in Germany, certain that a central bank on the German plan was what the United States needed. For Willis the only tool was to be the rediscount rate with its various changes. This was, of course, long before open market operations were discussed, much less made use of.

Dr. Agger said that Mr. Willis had a secretary who was a Vassar graduate named, he thinks, Ruth Cornwall, though he was uncertain about the first name. He believes that Miss Cornwall is still alive. Her home was in Rye. If she is alive, she would know a great deal about the Willis papers, as she was an efficient and competent secretary with a vast memory.

Changing the subject, Dr. Agger said that Rutgers has a fine clipping collection on S. Parker Gilbert who was a graduate of that institution. Dr. Agger wrote a biographic sketch of Mr. Gilbert for the Dictionary of American Biography, and there is some talk now of asking him to expand it into a book. Edward E. Norris of Morgan & Co., who was Gilbert's executive secretary, wants Dr. Agger to do this, and Morgan would cooperate. There is, however, a younger brother named Carl Gilbert who wants the biography written by someone not in the

academic field. Two sisters are said to live around Boston, and Mr. Gilbert's widow, who is now Mrs. Harold Stanley, is reported to have some residue of the papers of Mr. Gilbert, although she destroyed a great many of them after his death. Dr. Agger feels that he cannot attempt a book unless the family is entirely agreed that they want him to do it and will give him full facilities. The brother, Carl, is said to be Vice President of the Gillette Safety Razor Company.

Asked if he had any suggestions as to people who might usefully work on this project either as historian or writers of monographs, Dr. Agger said that the field was very arid. He suggested a young man named Anatole Murad, formerly at Rutgers and now at the University of Puerto Rico, author of a paper on "The Ineffectiveness of Monetary Policy" in the January 1956 issue of the Southern Economic Journal. Professor Murad is said to be a rebel and an ~~iconoclast~~ iconoclast but a brilliant writer whose work is excellent, but who needs a balance wheel.

Professor Agger will send us other notes as they occur to him.

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