

Notes on a Conversation with the Secretary at the Custom  
House, New York, May 22, 1943.

I said that I wished to comment on two or three points in our discussion yesterday before going on to the main point at issue.

1. The memorandum of March 1943. I said this was not just Chairman Eccles' memorandum; that it was a memorandum of the Federal Open Market Committee; that I had a part in writing it; and that it was intended to state that we were not outsiders trying to muscle into the Treasury's financing but a public group whose interest is only secondary to that of the Treasury itself.
2. Grabs for power - attempts to oust the Treasury from its field. I said I was afraid the question of a selling organization had gotten mixed up with something of this sort which the Secretary seemed to have in mind, and that the Presidents of the Federal Reserve Banks I knew were not interested or engaged in anything of the sort.
3. Selling the Treasury program to other districts. That I could not take on such a job, although if a workable arrangement could be set up in New York that would probably help sell the other districts. This has become a System matter, I said, and the Board and all of the other banks are concerned and I'm not the one to sell the other districts.
4. Perry Hall - You have evidently been getting some unfavorable reports concerning him and I think they are misinformed. He has the conception of the need for large numbers of sales to individuals as our work in the last drive shows. The only place we have a lot more to do is New York City itself and there we put it up to the War Savings Staff in the last drive because they were supposed to be better equipped for that sort of thing. They were unable to put an organization together, for a commerce and industry canvass to supplement the Victory Fund bank depositor canvass, and so we had to let it go. Perry Hall now knows the ropes, I said; I have confidence in him; he has the experience of two drives behind him, and I find it hard to see why he must be dropped.

The Secretary suggested we get down to cases - that Gamble is in as National Sales Director, and that Hall is out as district sales manager. Yesterday, I (the Secretary) suggested Mr. Madden. You said no. Then I suggested Burgess and you said possible but want to think it over. Now what do you say. I said there is still the same fundamental difficulty in that I think you should let me set up an organization for your approval rather than forcing me into position of vetoing your suggestions.

The Secretary suggested I was sparring. He said let's take Hall as a symbol. I want him in the organization, definitely, but not as number one man. I said I would be chairman and number one man. The Secretary then said he did not want Hall as number 2 man, and asked if I told him that in these circumstances I could not serve.

I said you make it very difficult both to serve and to answer, because this involves the Federal Reserve System and the Federal Reserve Bank of New York as well as me personally. But if you put me between Gamble at Washington and a district sales manager not of my own choice, I say I can't serve. This is not just a question of the nine weeks of three drives a year; it is a question of fifty-two weeks a year, when I would be responsible for Treasury policy being carried out. I must have as a sales manager a man

in whom I have confidence, with whom I can work and who looks to me rather than to someone in Washington for directions. Between Gamble at Washington steeped in the War Savings Staff-Victory Fund controversy, and a sales manager who is not my choice, I think I would be in an impossible situation. I couldn't do it.

The Secretary said he thought I was making a grave mistake. That this is a time of war. That the people would be behind the Commander-in-Chief and their (the peoples) Treasury. That the whole thing will have to come out eventually and will hurt the Federal Reserve System. That he is in no mood for bargaining. { That he thinks the attitude should be that expressed by Mr. Williams of Philadelphia to Mr. Bell: "Whatever way this is set up, we've got to be in, to do our part; you can't keep us out."

I said I had full realization of the seriousness of the matter, that I had wanted to continue on the job, and that before hope was abandoned he should have a meeting with Mr. Eccles and some of the Presidents to see again if it couldn't be worked out. The Secretary said he would want to see the whole board; that he didn't know where the whole board stood; and as many of the Presidents as we wanted.

He then tried to reach Mr. Eccles and in his absence talked to Mr. Ransom and a meeting was arranged.

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Note: There was no chance for real discussion of the question of the district manager. I was faced not with negotiation or consideration, but with a previously determined decision.