



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

JAMES K. VARDAMAN, JR.
MEMBER OF THE BOARD

August 19, 1947.

AIR MAIL

Dear Marriner:

Since you mentioned it some weeks ago at a Board Meeting, I have been endeavoring to acquaint myself more thoroughly with the Federal Reserve Retirement System, especially with reference to the responsibilities of this Board.

The results of my studies are not very encouraging to me because I find myself completely in doubt as to the exact functions of the Board in relation to the Retirement System, and just what are its moral and legal liabilities and responsibilities. The three paragraphs from George Vest's memorandum of July 28 will indicate to you, I believe, the ambiguous position of the Board.

After several conversations with George Vest, we have prepared the attached memorandum which I thought might well be submitted off-the-record to the Board Members.

Since this is one of the matters under Matt Szymczak's first consideration assignments, I have hesitated about doing this and have decided to send you a copy of the memorandum for perusal at your leisure. I do not know whether or not it is your policy to think about business when you are on vacation, and I would not hand this to you now except that I thought you might like to be thinking about the subject before you return and are pressed with matters of more immediate importance.

I will do nothing further about the question and will not make any further inquiry about it until I either hear from you or talk with you after your return. Under no circumstances do I want to be put in the position of criticizing what has and has not been done; and there would undoubtedly be less probability of misunderstanding if the subject were initiated by you.

There is one thing certain, which I think George Vest agrees with me on, and that is that the occasional, more or less informal references to the Retirement System in the Minutes of the Board should be discontinued; and no further reference to the Retirement System should be made in the Minutes until this Board has determined its position.

Today, Messrs. Hennessey, Chairman of the Hotel Statler System, and Herbert Blunck, Manager of the local Statler, had lunch with us, and for about two hours we discussed the problem of both the Federal Reserve Banks' and Board's cafeterias. Those present were Messrs. Szymczak, Draper, Evans, Thurston, Morrill, Nelson and myself. We are having prepared immediately figures for 1946 showing labor cost per person served and food costs per person served. As soon as this data is in hand, we will have another meeting with Mr. Hennessey and then determine the next step to be taken.

Incidentally, you will be interested in knowing that the Statler Hotel System does not charge into its cost of operating its dining rooms and cafeterias any expense for heat, light, space or general over-head.

I hope you are enjoying your well earned and much needed rest. The weather has been rather uncomfortable here and you are fortunate to be away while it lasts.

With best wishes, I am

Sincerely,



Mr. Marriner S. Eccles,
Hotel Ben Lomond,
Ogden, Utah.

Enclosure

Ogden, Utah,
August 23, 1947.

Dear Jake:

I have read with interest your letter of August 19, enclosing a memorandum covering the functions of the Board in relation to the retirement system.

I am glad you have taken an interest in looking into this matter, especially with reference to the responsibilities of the Board. I will look over the memorandum before I return to Washington and will take the initiative in seeing to it that the matter is again brought to the attention of the Board for full consideration.

I note that you have met with Messrs. Hennesey and Blunck of the Hotel Statler, Inc., for the purpose of discussing the problem of the Federal Reserve Board and Banks in the operation of their cafeterias. The assistance which we can get from those men should be very useful to the Board in adopting a policy for dealing with the operation of the System's cafeterias.

Matt and Elliott have kept me in touch with the developments in Washington since I left there, particularly regarding the financing program of the Treasury and the meeting with the British delegates on the modification of their financial agreement.

I am leaving about noon today for Sun Valley with all of my family, to be gone for about ten days.

I am sorry to hear the weather there has been so uncomfortable. It would seem that I got away just in time. It is very pleasant out here and I am getting a good change and, I hope, some rest.

With kind regards,

Sincerely yours,

Hon. James K. Vardaman, Jr.,
Member of the Board of Governors
of the Federal Reserve System,
Washington 25, D. C.