

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Gov. Eccles

Office Correspondence

Date February 2, 1951

To Members of the Board

Subject: _____

From Governor Vardaman

It is my understanding that the assignments of Board members will be reviewed early next month. Therefore, I attach copy of a memorandum furnished to Chairman McCabe and other Board members on April 11, 1949, with reference to Board organization and members' assignments.

It is requested that the attached memorandum be given consideration by the Board members and that the Personnel Committee have the question placed on the docket for consideration by the Board at some convenient date between now and March 1.



Chairman McCabe

April 11, 1949

Mr. Vardaman

(1) With reference to your memorandum of March 29, in which you asked for a written statement from me regarding the Board members' assignments:

(2) The minutes of the Board, and my oral statement in the Board room and to you personally, quite clearly set forth my views in connection with Board members' assignments.

(3) In principle, I am opposed to the present method followed by the Board of assigning certain Divisions or subjects for the particular consideration of any Board member. I believe that this policy tends to build up cliques in the staff for or against certain Board members. I also think that it puts the staff in a false position with Board members, other than the one to whom a certain subject or Division is assigned, and worst of all it has led to some irritation and misunderstanding among Board members.

(4) I repeat what I said at the Board meeting the other day, to the effect that I think the staff should be under the direct executive management of the Vice Chairman or acting Vice Chairman (subject, of course, to the orders of the Board), and one Board member designated as his alternate for that work. This will make the facilities of the staff and Divisions available to all Board members alike, without any possible preferential treatment by or of a Board member because he happens to be the one charged with the supervision of a specific subject or Division.

(5) The assignments of the Board members should be along the following line, in my opinion:

Chairman

Over-all supervision of Board operations and exclusive spokesman for the Board, except where none other Board member is specifically authorized by Board action to speak for it.

Acting Vice Chairman

Direct executive management of all Divisions of the Board.

Board Member "A"

Alternate to the Acting Vice Chairman in the supervision of all Divisions of the Board and staff.

Contact with other Federal agencies; and with Congress where specifically requested by the Chairman or Acting Vice Chairman.

Board Member "B"

Supervision of the operations of the Boston, New York and Philadelphia Federal Reserve Banks and their respective branches.

Board Member "C"

Supervision of the operations of the Richmond, Atlanta and Dallas Federal Reserve Banks and their respective branches.

Board Member "D"

Supervision of the operations of the Cleveland, Chicago and Minneapolis Federal Reserve Banks and their respective branches.

Board Member "E"

Supervision of the operations of the St. Louis, Kansas City and San Francisco Federal Reserve Banks and their respective branches.

(6) All matters originating in the Banks assigned to a Board member would come for first consideration to that member, and he would be expected to handle such matters with the proper Division or the staff or another Board member, much in the same way as is now done. Each Board member would be expected to visit the Banks which are assigned to him at least once during the calendar year of such assignment, and he should familiarize himself with the personnel and problems and operational details of the three Banks.

(7) All assignments--that is, the alternate and assistant to the Acting Vice Chairman, as well as the four members to whom specific Banks are assigned--should be changed either every year or every eighteen months, preferably, in my opinion, every year because such rotation will prevent any tendency to "log-rolling" or other prejudiced action for or against any particular Bank.

(8) If the Board insists in following its present system of assignments, then I urge that the assignments be changed so as to eliminate the present confused situation in connection with the Division of Examinations, Division of Research and Statistics, and probably other Divisions, where more than one Board member has supervision over certain phases of the same Division's activities.

(9) Also, if the Board insists on following its present system of assignments, I think these assignments should be divided into five groups, as logical as possible under the system, and for the first year be assigned

by lot to the respective Board members, other than the Chairman and Vice Chairman. At the same time, a system of annual rotation should be agreed upon, except that the Chairman's and Vice Chairman's assignments would remain constant.

(10) As to my own assignments, I will endeavor to undertake whatever the Board assigns to me; except, that under present circumstances, I will not accept without protest the assignment of the present Administrative Services Division. As you know, I have very strong ideas as to how those phases of the Board's work which are handled by that Division and by the Secretary's office should be merged or changed, and I would not like to undertake the administration of the Division in its present form.

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