

PERSONAL AND  
CONFIDENTIAL

March 24, 1947.

Dear J. R. :

For your personal and confidential information, I enclose a copy of a report that I have also sent confidentially to Randy Gilbert. I wanted, if possible, to get from him and also from you a similar report of Vardaman's activities in your area. I am obtaining information from the various Federal Reserve districts which he visited. It all seems to follow much the same line, according to oral and written information I have so far received.

It occurred to me that you would have the information about Houston as Randy would about Dallas. I would be particularly interested in any supplemental information you might have, including criticism of John Snyder and the White House. I understand that there was a good deal of this from time to time in conversations.

With best regards,

Sincerely yours,

Mr. J. R. Parten, President,  
Woodley Petroleum Company,  
Houston, Texas.

Enclosure

 ET:b

FEDERAL RESERVE BANK OF DALLAS

J. R. PARTEN  
CHAIRMAN OF THE BOARD

April 22, 1947

Personal and Confidential

Mr. Marriner S. Eccles,  
Chairman, Board of Governors,  
Federal Reserve System,  
Washington, D. C.

Dear Marriner:

Enclosed you will find a report which I believe is factual on Governor Vardaman's address upon his visit to Houston on January 8th. I am attaching this in duplicate.

I believe this presents a fair story of his remarks here.

It is very clear to me that Governor Vardaman's conduct has been a discredit to the Administration which appointed him. I don't think this has been intentional, but on the other hand in his zeal to condemn all regulations he has struck at the President as well as other administrators in Washington.

Trusting that this confidential report to you will serve some constructive purpose, and with my best personal regards, I am

Sincerely yours,



Enclosures (2)

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APR 23 1947  
Received in  
Chairman's Office

*in*

Board of Governors  
Federal Reserve System

Memorandum Report on Governor Vardaman's  
Address at a Luncheon at the Rice Hotel,  
Houston, Texas, on Wednesday, January 8, 1947

This luncheon was arranged by the Vice President in Charge, Mr. Pondrom, of the Houston Branch of the Federal Reserve Bank of Dallas, Texas.

Those invited to this luncheon were all the Directors of the Houston Branch, the Chairman of the Federal Reserve Bank of Dallas and several leading bankers and prominent business men of Houston. A list of those who attended is attached hereto and marked "Exhibit A".

Governor Vardaman was the honor guest at this luncheon and was introduced by J. R. Parten, Chairman of the Board of Directors of the Federal Reserve Bank of Dallas.

Governor Vardaman began his remarks by saying that he had been chosen a governor of the Federal Reserve System in the absence of any effort or expressed desire upon his part; that upon acceptance of the office he was aware that his philosophy of government departed widely from that of many of those responsible for administration in Washington.

He requested that his remarks be "off the record".

He took the thesis that bureaucratic controls which have grown up in Washington in the past several years and exist today are destructive of constitutional government. He said that a return to constitutional government would require the elimination of all controls then exercised by the several departments and bureaus of the Federal government.

He said that while he might cite many departments now exercising bureaucratic controls, which he was condemning, he would take the actions of the Board of Governors of the Federal Reserve System, of which he was a member, as prime examples. He particularly condemned Regulations T, U and W as examples of unnecessary regulations in the discharge of Federal Reserve responsibility and said they were unauthorized by the Congress. While no other specific regulations were condemned specifically, his attack clearly

went to those issued by all departments from the Executive branch down.

Governor Vardaman concluded with a forceful plea to those present to write, wire or talk to their Congressmen in the interest of abolishing these controls.

After his talk he invited questions and comments.

It was rather amusing that in his comment Mr. Jesse Jones, who said he was entirely in sympathy with the Governor's objectives, asked to be permitted to spread upon the front page of the Chronicle that afternoon a resume of the talk. Governor Vardaman responded that he would much prefer to be off the record and reasoned that the most effective way to get results in Washington would be for those interested to communicate with their representatives in Congress.

It was also amusing that one of the prominent business men in the group, after saying he was one hundred percent in agreement with the philosophy and objectives of the Governor, urged forcefully that the Governor take back to the White House a message detailing the shock and concern of business men generally over the President's labor plank put forth in his report to Congress on the state of the Union a few days before. Governor Vardaman again demurred and insisted that the appropriate means of getting this message over was through your congressional representative.

In his criticism of bureaus or departments the Governor called no names, as I recall, but the implication was clear that his attack was upon the whole Democratic administration as well as bipartisan bureaus which have fostered and administered regulations.

While his attack was particularly directed at his colleagues on the Federal Reserve Board, it was crystal clear that it was directed at all departments. It was clear that his plea was designed to create dissatisfaction with all regulations indiscriminately, without differentiating between those apparently accepted beyond controversy, such as the Securities and Exchange regulations, and those which might be characterized as more controversial.



Personally, I took the speech, and feel others did, as purely political with the especial objective of revolutionizing the policies and procedures established and followed by the Federal Reserve System. It was clear that his colleagues upon the Board of Governors, as well as other prominent leaders in the Administration, were out of step with him.

BANKERS AND BUSINESSMEN IN HOUSTON, TEXAS ATTENDING LUNCHEON HONORING  
GOVERNOR JAMES K. VARDAMAN, JR., ON JANUARY 8, 1947

Mr. J. A. Elkins, President  
City National Bank  
Houston, Texas

Mr. Jno. M. Griffith, Vice President  
City National Bank  
Houston, Texas

Mr. T. P. Priddie, President  
Federal Intermediate Credit Bank  
Houston, Texas

Mr. Joel H. Berry, President  
South Main State Bank  
Houston, Texas

Mr. Sterling Evans, President  
Federal Land Bank  
Houston, Texas

Mr. F. M. Law, Chairman of the Board  
First National Bank  
Houston, Texas

Mr. P. P. Butler, President  
First National Bank  
Houston, Texas

Mr. C. M. Malone, Vice Chairman of the Bd.  
Second National Bank  
Houston, Texas

Mr. L. R. Bryan, Jr., President  
Second National Bank  
Houston, Texas

Mr. C. G. Andler, Ex. Vice President  
Industrial State Bank  
Houston, Texas

Mr. F. C. Guthrie, Vice President  
Harrisburg National Bank  
Houston, Texas

Mr. O. R. Weyrich, President  
Houston Bank & Trust Company  
Houston, Texas

Mr. Melvin Rouff, First Vice President  
Houston National Bank  
Houston, Texas

Mr. A. D. Simpson, President  
National Bank of Commerce  
Houston, Texas

Mr. B. Magruder Wingfield, Vice Pres. &  
National Bank of Commerce Tr. Off.  
Houston, Texas

Mr. S. R. Lawder, President  
South Texas Commercial National Bank  
Houston, Texas

Mr. Harris McAshan, Vice President  
South Texas Commercial National Bank  
Houston, Texas

Mr. E. A. Craft, Executive Vice President  
Southern Pacific Lines  
Houston, Texas

Mr. George Hamman, President  
Union National Bank  
Houston, Texas

Mr. L. Goldston, Vice President  
University State Bank  
Houston, Texas

Honorable Jesse H. Jones  
Houston, Texas

Mr. B. C. Roberts, President  
Wharton Bank & Trust Company  
Wharton, Texas

Mr. J. E. Wheat  
Woodville, Texas

Mr. Ed Naylor, President  
Houston Chamber of Commerce  
Houston, Texas

Mr. Gus Wortham, President  
American General Insurance Company  
Houston, Texas

Mr. J. R. Parten, President  
Woodley Petroleum Company  
Houston, Texas

Mr. George R. Brown  
Brown & Root, Inc.  
Houston, Texas

Mr. J. Russell Wait, Director of Port  
Houston Ship Channel Navigation District  
Houston, Texas

Mr. Louis Dietz, Ex. Vice President  
East End State Bank  
Houston, Texas

Mr. Wm. A. Kirkland, President  
Port City State Bank  
Houston, Texas

Mr. Tom W. Gregory, Jr., President  
Fidelity Bank & Trust Company  
Houston, Texas

Mr. N. C. Hoyt, President  
Norris Lumber Company  
First National Bank Bldg.  
Houston, Texas

Mr. W. I. Phillips, Manager  
Loan Agency  
Reconstruction Finance Corporation  
Houston, Texas

Mr. Melvin Kurth  
Andrews, Kurth, Campbell & Bradley  
Gulf Bldg.  
Houston, Texas

Mr. Geo. A. Hill, President  
Houston Oil Company  
Houston, Texas