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Changes in Board's travel regulations

On August 20, 1946, the Board approved a recommendation of the Personnel Committee which increased per diem allowances in lieu of subsistence and the mileage rate for the use of a privately owned automobile for official travel by 25 per cent (Board Member's per diem from \$10.00 to \$12.50 and mileage from 5¢ to 6¼¢ per mile) and amended the Board's travel regulations accordingly effective September 1, 1946. At the time, Mr. Vardaman stated that the reason for the recommendation was that information available to the Board indicated that the cost of official travel had increased at least 50 per cent, and that, therefore, the increase recommended was believed to be reasonable.

On October 16, 1946, the Board approved a further recommendation of the Personnel Committee liberalizing the Board's travel regulations in certain other respects, including a provision "that, when a Member of the Board has a physical disability which makes it desirable for him to travel in a private room, he may be allowed the extra railroad fare necessary to enable him to obtain a compartment or, if a compartment is not available, a drawing room, as well as the extra cost of such accommodations."

On December 2, 1946, Mr. Massey of Mr. Vardaman's office addressed the following memorandum to the Director of our Division of Administrative Services:

"As you know, the amendment of 10-16-46 to the Board's travel regulations allows a Board member with a physical disability the extra railroad fare necessary to enable him to obtain a compartment or a drawing room if a compartment is not available, as well as the extra cost of such accommodations.

"Governor Vardaman has a physical disability as the result of a wound incurred in action during World War II, which makes it desirable for him to travel in a private room, and his expense vouchers will usually include the superior Pullman accommodations and extra railroad fare allowed under the above mentioned amendment.

Travel Expenses Incurred by Board Members

The total travel expenses incurred by all Members of the Board during the past ten months aggregated \$5,238.07 of which \$2,391.24 represented per diem. Of the total Mr. Vardaman's aggregate expenses amounted to \$3,244.54, including per diem of \$1,632.49. His expenses represented 62 per cent of the total expenses of all Board Members and his per diem represented 68 per cent of the total per diem claimed by all Board Members.

My own travel expenses for the ten months' period amounted to \$223.24 of which \$78.13 was per diem. In other words, my total expenses represented about 4 per cent of the total expenses of all Board Members and my per diem was 3 per cent of the total per diem claimed by all Board Members. Mr. Vardaman's total travel expenses for the ten months' period were approximately fifteen times the expenses incurred by me and the per diem which he claimed was about twenty-one times that claimed by me.

Since greater demands are ordinarily made upon the Chairman than other Members of the Board, it is significant that the per diem claimed by Mr. Vardaman in the last ten months exceeded by \$155 the per diem which I claimed during the last ten years. Mr. Vardaman's total travel expenses for the last ten months are equivalent to 65 per cent of my total travel expenses for the last ten years.

In this connection, the total expenses of Mr. Vardaman referred to above do not include expenses aggregating \$94.50 incurred last May by our Head Chauffeur, who drove Mr. Vardaman's automobile to St. Louis and returned by train. On May 6 Mr. Massey of Mr. Vardaman's office called our Division of Administrative Services stating that Mr. Vardaman desired to have one of the Board's chauffeurs drive his automobile to St. Louis and that Mr. Vardaman would proceed to that city by rail but wished to have the car available for certain subsequent legs of a trip which he had planned. Since this request was unusual, the Director of the Division prepared an appropriate travel authorization but submitted it to the Board for approval. Approval was granted on May 7 and the chauffeur left the same day so as to reach St. Louis not later than May 9, in order that the car might be available for Mr. Vardaman's use on an official trip through the southeastern states covering a period of two or three weeks.

### Reservation Service

In June 1946, Mr. Massey, at Mr. Vardaman's suggestion, inquired whether it would be possible for the Board to obtain a membership in the American Automobile Association in order that he might obtain maps and other material for use in connection with trips which he contemplated making from time to time. It was ascertained from the AAA that membership was confined to individuals and that, therefore, the Board could not join. As a result, Mr. Massey continued the practice which he had followed previously of borrowing personal AAA membership cards from members of the staff in order to obtain the desired material and data.

In August 1946, at the suggestion of Mr. Vardaman, the Board formalized and expanded the reservation service maintained in the Procurement Section of the Division of Administrative Services for the purpose of obtaining airline, railroad, Pullman and hotel accommodations for members of the Board and staff as well as for visiting officials and staff members of the Federal Reserve Banks. Mr. Vardaman felt that the Board should have a top-flight transportation officer who would be able to plan itineraries

and secure accommodations under circumstances where it would be difficult to obtain them through ordinary channels. Since reservation work had been performed on a limited scale for several years, it was decided that the service should be expanded and the employee already doing this work should be relieved of other responsibilities in order that, if necessary, he might devote full time to such work. This development grew out of Mr. Vardaman's desire to avoid having his own immediate staff work out itineraries in connection with a number of trips which he wished to make throughout the country in connection with a program of visiting all Reserve Banks and Branches. In the past, however, the Members of the Board have used their own secretaries to perform such tasks. The reservation work performed in the Procurement Section had consisted primarily of obtaining transportation and hotel reservations, picking up tickets, etc., for visiting officials and members of the Board's staff.

#### Use of Board's Automobiles

On April 15, 1946, the Secretary sent to all Members of the Board copies of the rules governing the use of the Board's passenger cars which contained a reference to the following provision in the Independent Offices Appropriation Act of 1945: "Any officer or employee of the Government who uses or authorizes the use of any Government-owned motor-propelled passenger-carrying vehicle, or of any motor-propelled passenger-carrying vehicle leased by the Government, for other than official purposes or otherwise violates the provisions of this subsection shall be summarily removed from office." The term "'official purposes' shall not include the transportation of officers and employees between their domiciles and places of employment \* \* \*" except in the case of medical officers and officers engaged in field work. Likewise, the above limitations do not apply to any motor vehicles for official use of the President, heads of the executive departments, Ambassadors, Ministers, charge d'affaires, and other principal diplomatic and consular officials.

An analysis of the chauffeurs' reports for the ten months' period April 1946 through January 1947 discloses that of the total number of trips made by Board Members, 46 per cent is chargeable to Mr. Vardaman and 20 per cent to me. Of the total number of trips in an official car made by Board Members between the office and their residence or vice versa, 82 per cent of all such trips were made by Mr. Vardaman and 2 per cent by me. Stating the situation from a different angle, Mr. Vardaman used the Board's cars twice as often as I did for all purposes and, in the case of transportation between the office and residence, he made 35 such trips for every one that I made.

In this connection, an analysis of overtime performed by our chauffeurs (for which compensation is paid at the rate of time and a half) during the period referred to above indicates that 85 per cent of all overtime by chauffeurs was requested by Mr. Vardaman as compared with less than 5 per cent requested by me. These comparisons are more impressive if you

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keep in mind that Mr. Vardaman was at the office only 50 per cent of the working days during the period under review, while the other Members of the Board, exclusive of Mr. Ransom, who is ill, and Mr. Szymczak, who is in Germany, were at the office from ~~75~~ to 85 per cent of the time.

Incidentally, the Board on July 2, 1945, in taking action to conform with the Federal Employees Pay Act, authorized the payment of irregular and occasional overtime worked by Board employees with the proviso that the heads of offices and divisions keep such overtime at a minimum and the Division of Administrative Services report monthly to the Personnel Committee as to the amount of such overtime payments distributed as to divisions. Such reports were subsequently prepared each month as required. However, on January 24, 1947, Mr. Vardaman addressed a note to Mr. Thurston in which he stated that in his opinion such reports were "Another example of useless detail and stenographic work".

Mr. Vardaman also suggested informally that the Board replace the passenger automobiles which are now four or five years old with Cadillacs and proposed that one or two additional chauffeurs be employed. He also suggested and the Personnel Committee recommended that the chauffeurs be detached from the Guard Force and set up as a separate unit. The recommendation was considered at a meeting of the Board on December 19, 1946 and referred to Mr. Draper for consideration with the suggestion that a study be made to determine whether it would not be possible to reduce the number of guards and chauffeurs in the Board's employ rather than to increase the present staff.

### Guard Force

Mr. Vardaman has severely criticized the Board's Guard Force from time to time and a series of ~~unfortunate incidents have occurred, which, together with the tie-in of the chauffeurs under the supervision of the Captain of the Guard, form the basis for his dissatisfaction.~~

~~The first incident occurred~~ On Sunday morning, July 28, 1946 when, about 10:45, Mr. Vardaman called at the Guard Room and asked the guard on duty for his newspapers. (It should be explained that a few days after assuming duties Mr. Vardaman requested our Procurement Section to obtain at the Board's expense Saturday and Sunday issues of several New York and local newspapers to be delivered to the Guard Room at the East Gate of the Board's building so that they could be picked up by him some time over each week end.) The guard on duty had only recently returned from military service and did not know Governor Vardaman when he called. Unfortunately, when Mr. Vardaman picked up the bundle of papers held for him and counted them, he discovered that one was missing. It so happened that two bundles were delivered by the news service, one for Governor Vardaman and another for the Research Library, and by mistake one of his papers had been placed in the package for the Library. Mr. Vardaman was very much irritated and there was an exchange of words between the guard and the Governor, with feeling running high on both

*Who ~~had~~ point remained "I'm not in the army now!"*

*slat*

sides. Mr. Vardaman felt that he was not treated with the consideration due his position and the guard ~~felt that as a civilian he should not be subjected to the treatment he received at the hands of Mr. Vardaman,~~

*Another*

The ~~second~~ incident occurred at the Oval (entrance to the Board Members' area) about August 26 when a visitor on his way to Mr. Vardaman's office brushed by the guard without giving his name or allowing time for him to be announced in the customary manner. The guard did, however, 'phone Mr. Vardaman's secretary that a visitor was on the way to the Governor's office and explained that he had not had an opportunity to get his name and announce him before permitting him to proceed except by using force.

~~The third incident occurred~~ *visitor* On December 4, 1946 when a car with an official license drove into the garage and a ~~gentleman~~ stepped out without giving his name, stating that he had an appointment with Governor Vardaman.

*Coming up*

One of the chauffeurs opened the private elevator for him and a second one 'phoned the Oval to advise the guard on duty there that the ~~gentleman~~ *call* was ascending in the private elevator. The guard in the Oval, having been warned of Mr. Vardaman's feeling about letting unidentified visitors reach his office without being announced, while ~~extremely~~ *call* courteous, was more persistent than he would otherwise have been when the ~~gentleman~~ stepped off the private elevator. As it turned out, the visitor was Mr. Harl, Chairman of the FDIC, and ~~he~~ became angry at the guard's ~~courteous~~ insistence that he be permitted to announce him before proceeding to Mr. Vardaman's office. Mr. Harl therefore stepped back in the elevator and went back to the garage, saying that if he had to go through all that he, the guard, could 'phone Mr. Vardaman that he had gone back to his own office. The guard immediately called Governor Vardaman's office and Mr. Massey hurried to the garage, overtook Mr. Harl and escorted him back. Mr. Harl was a luncheon guest of Governor Vardaman's along with a Senator and a Naval Officer. However, the two other ~~gentlemen~~ *call* had not shown any opposition to the usual formalities and, therefore, had reached Governor Vardaman's office in accordance with the customary procedure.

*violently demanded*

Following all three of these occasions, Mr. Vardaman called the head of our Division of Administrative Services to his office and expressed ~~his extreme displeasure in no uncertain terms.~~ There were other cases when the Division Head was called to account: one, when Mr. Vardaman happened to come into the building through the Constitution Avenue entrance and ~~not find a guard on duty;~~ *did* and another on September 3, 1946 when he was driven into the garage from the White House offices by a Secret Service man who inquired whether he could drive out the West Gate. Mr. Vardaman was upset because the West Gate was closed, which has been the case since before the War, and instructed the chauffeur to have some one see him about that situation. Subsequently, Mr. Vardaman requested that the West Gate be opened at the earliest possible date and when it was explained that it would require at least two guards and possibly three to establish a new post at that point, he said "Go ahead and get them."

### Long Distance Telephone Calls

The total number and cost of long distance calls made by Members of the Board and their immediate staffs during the ten months' period April 11, 1946 to February 12, 1947 aggregated 304 and \$968.79, respectively. Mr. Vardaman's office made 183 calls or 60 per cent of the total number made by all Board Members' offices, the cost of which aggregated \$505.25, or 52 per cent of the total expense. During the same period my office made 34 calls, costing \$209.20 or 11 per cent and 22 per cent, respectively, of the total number and the total expense.

### Mechanical Force

On several occasions during the last three or four months, at the request of Mr. Vardaman's office, an engineer or mechanic has been sent to his home to make repairs on a radio, fix a door, check and oil a refrigerator, etc. The first time this happened the Supervisor requested that the mechanic put in for annual leave. However, when one of the engineers was requested to perform a similar task, he objected to using his annual leave for doing this work and the question was raised with the Governor's office to determine whether he should be allowed to do the work assigned on official time. Governor Vardaman's secretary said he would clear the matter with Governor Vardaman and he later reported that it was OK to send the man and not charge any leave.

### Messenger Service

About October 15, 1946, Governor Vardaman's secretary said that the Governor was utilizing the services of his messenger almost exclusively at home and that as a result the office was practically without messenger service. He suggested that the Division of Administrative Services employ a colored messenger to be available to Board Members' offices at all times. It was explained that the Division had no colored messengers other than the Board Room attendant who was already located on the second floor, but that he should be available to furnish additional assistance when needed. It was added, however, that one of the pages in the Division could run errands in the building if that service were required.

### Space

Shortly after assuming duties Mr. Vardaman found it necessary to have an additional employee assigned to his office. Since it was impossible to accommodate three employees in his ante-room, a stenographer was placed in the ante-room of the vacant Board Member's suite which had been set aside for use by the Presidents and Chairmen of the Federal Reserve Banks or other high officials in the System while attending to official business in the Federal Reserve Building.

February 18, 1947.