

J. K. Vardaman, Jr.:

Original left with Longfellow

(Took oath of office as Board member April 4, 1946; his name appears in Who's Who for the first time in the 1946-1947 edition; he recorded his appointment to the Board, but instead of giving the Federal Reserve Building as his office address he listed as his office "The White House, Washington, D. C.")

Board records show that in a period of about 10-1/2 months, April 4, 1946 to February 25, 1947:

1. He was present 113 working days, absent 114 working days (week-ends excluded).

2. He charged to the Board and collected for travel expenses, per diem, automobile mileage, etc., \$3,214. (Does not include expenses of Board chauffeur to drive him to St. Louis on one trip, but includes travel and per diem one weekend in Norfolk, and more than 2 weeks in Phoenix and St. Louis during the Christmas holidays.) This is more than similar expenses in the same period of all other Board members, and the per diem claimed exceeded by \$155 the per diem claimed by the Chairman in the past 10 years.

3. Notwithstanding provisions in the law, which have been called to his attention, prohibiting private use of Government automobiles (use of such cars for travel between home and work is specifically barred), he has used an official car for this purpose daily, with rare exceptions, when in the city. Of total use of Board cars for all purposes, he has been responsible for nearly half of this service, and 87 per cent of the total overtime paid to Board chauffeurs was on his account.

4. In the same period, 334 long-distance telephone calls were charged to the Board. Of these, 195, or 58 per cent, were his, costing \$532.70, or more than half the total cost for all other members. Of these calls, all charged to the Board as official, 23 were to Virginia Beach, 39 to St. Louis. A personal cable at Christmas to Shanghai, costing \$11 at the regular rate, was also charged to the Board as an official expense.

(The foregoing facts are noteworthy in view of the fact that he has been present at the Board only half of the time.)

Use of Board employees. The messenger assigned to his office for official duty has seldom been seen at the Board and has been used as a servant in his home, except for a small amount of time when he has been out of town. An engineer or mechanic has been sent to his home on several occasions to repair a radio, fix a door, oil a refrigerator, etc., at Board expense.

Abusive treatment of various Board employees has been reported on a number of occasions; such incidents and such facts as are noted above are inevitably known throughout the staff and have a demoralizing effect upon morale.

Speeches in many Federal Reserve districts have led to widespread public misunderstanding and printed reports of Board cleavage; the press has at times interpreted his purpose as one of driving the Chairman out of office; it has been widely assumed that Vardaman spoke with White House approval or, at least, knowledge; according to statements by Federal Reserve Bank presidents, directors and

others whose integrity can hardly be impugned, his off-the-record speeches have been derogatory, not only of the Board and its Chairman, but particularly of the Secretary of the Treasury, the White House staff, and even of the President.

Reserve Bank presidents from every Reserve district he has visited, which includes the majority, have reported that he creates the impression that he is speaking as a White House intimate, having inside knowledge, and that his speeches, chiefly off the record, and his personal conversations with numerous bankers and business leaders have been highly damaging not only to the Board but to the Government generally. They have also reported embarrassment because of his requests that the Reserve Banks hold special meetings, luncheons or dinners for him and invite leading bankers, business men, newspaper publishers, and others whom he has asked the Banks to include, all at the expense of the Reserve Banks.

Atlanta friends of Vice Chairman Ransom were incensed by his campaigning on behalf of having one of his friends (either J. T. Brown of Jackson, Mississippi, or Walter W. Schroeder of New Orleans) appointed to the Reserve Board to replace Mr. Ransom, his assumption being that Mr. Ransom was on his deathbed.

Reports from the various Reserve districts are substantially the same. They are to the effect that his manner, tone and sarcasm add hostile meaning to his words. According to one typical report from a prominent banker:

"The point that impressed me especially and that I would emphasize was not so much what was said as the spirit and tone and way in which it was said. The statements made . . . were sharp in tone and . . . evidently malevolent in character and self-seeking in inspiration. . . . The tone of the meeting was to build up the speaker as the white hope of decent, solid Americanism and to reduce the other members of the Board to the status of scoundrels and boneheads. . . .

"The foregoing impressions, which were clear enough to me at the luncheon at the Capital City Club, were strongly reenforced the following day at the small luncheon at the Federal Reserve Bank's dining room. The Governor there continued in his same vein, but he seemed to be in a great itch to get telegrams and letters of protest written to the Senators and to the White House. He continually affirmed and urged such procedure and came forward with what I regarded, as you recall, as a very vicious attack on the Research Department of the Board of Governors and of the other governmental agencies.

"In leaving the bank, the Governor stopped me a few feet from the front door to say good-by. His parting remarks were, 'Now, we'll just get the letters and telegrams started. You boys out in the field must get the ball rolling.'"

In an executive meeting with the 12 Federal Reserve Bank presidents recently in Washington and later with the members of the Board, the unanimous sentiment expressed was that the only way to correct the situation was by removal from the Board for what everyone seemed to regard as adequate cause.