

**Special Articles by  
W. Randolph Burgess  
and Allan Sproul**

**Commemorating the Fiftieth Anniversary  
of the Federal Reserve System and the  
Federal Reserve Bank of New York**

INTRODUCTION BY ALFRED HAYES

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The month of November is of special significance to the Federal Reserve Bank of New York during this, the fiftieth anniversary year of the Federal Reserve System. It was during this month in 1914 that the Federal Reserve Banks opened for business, after months of intensive preparations following enactment of the Federal Reserve Act in December 1913.

We felt that there was no better way to mark the occasion than to make a contribution to knowledge and understanding of Federal Reserve history. Such a contribution, it was clear, could best be made by persons who are acquainted intimately with the System's problems and policies during earlier decades. We found these persons in two prominent former Federal Reserve officials, W. Randolph Burgess and Allan Sproul; and we are deeply indebted to them for the articles that appear on the following pages.

Mr. Burgess, who reflects on the early development of Federal Reserve open market operations, is uniquely qualified to deal with this topic. After receiving a doctorate from Columbia University and serving as a Government statistician during World War I, Mr. Burgess joined this Bank in 1920 as chief of the Reports Division and editor of the *Monthly Review* in what is now called the Research Department. Advancing rapidly, he became Manager of the Department and then Assistant Federal Reserve Agent in 1923. Seven years later, he was made Deputy Governor and placed in charge of open market operations. When titles were changed in 1936, he became a Vice President and was named Manager of the System Open Market Account, serving in these capacities until 1938. While at the Bank, he wrote *The Reserve Bank and the Money Market* and edited *The Speeches and Writings of Benjamin Strong*.

Mr. Burgess went on to a distinguished career in commercial banking until 1952, and subsequently he occupied several important Government positions including those of Under Secretary of the Treasury for Monetary Affairs and United States Ambassador to the North Atlantic Treaty Organization. Now 75 years

young, he continues to provide leadership to a variety of private organizations that are devoted to the public good, including the Atlantic Treaty Association and the Atlantic Council of the United States. He is also Chairman of the Per Jacobsson Foundation, which was established to carry forward the ideas and the work of the late Managing Director of the International Monetary Fund.

Mr. Sproul, in writing about the Treasury-Federal Reserve "Accord" of 1951, deals with one of the crucial events in the System's history, and one that occurred while he was President of this Bank. Allan Sproul received his bachelor's degree from the University of California, and served as a pilot in the United States Army Air Service during World War I. He joined the Federal Reserve Bank of San Francisco in 1920 to head the Analysis and Research Division and to edit the *Monthly Review*. In 1924 he was promoted to Assistant Federal Reserve Agent and Secretary of that Bank. An offer from Governor Harrison to come east brought him to this Bank in 1930, where he became Assistant Deputy Governor in the Foreign function, and Secretary. He became First Vice President in 1936 and, two years later, succeeded Mr. Burgess as Manager of the System Open Market Account. In 1941, Mr. Sproul was named President of the Bank and Vice Chairman of the Federal Open Market Committee. He thus became the Bank's third chief executive, following Governors Strong (1914-28) and Harrison (1928-40), and he held this key position until he resigned in 1956 at the age of 60.

In retirement in his native California, Mr. Sproul is serving as director of Wells Fargo Bank and Kaiser Aluminum and Chemical Corporation. He is also continuing his public service in various ways. Thus, he is a member of a special committee of the Business Council to advise the President of the United States on the balance of payments, a trustee of the Committee for Economic Development, and a member of the Committee's Research and Policy Committee. Throughout his career, Mr. Sproul has made major contributions, in speeches and articles, to our knowledge of monetary problems and policies. His achievements, like those of Mr. Burgess, have been recognized by special awards and honorary degrees.

It is indeed rare that central bankers who made history can be persuaded to write history. In requesting such contributions from Mr. Burgess and Mr. Sproul, we naturally left it to them to choose their own topics out of their vast knowledge and experience, and then to develop these topics as they saw fit. I hope—indeed I am convinced—that our readers will find these articles as absorbing and fruitful as I did.