

MEMORANDUM

October 22, 1949

While the press boys were still quite uncertain how to handle the Alsop story of my resignation and were getting vague and contradictory responses from the White House, I made a speech at a convention gathering at the Mayflower that blew the whole situation sky high. I had thought of my remarks as quite generalized comment on several factors that might cloud an otherwise excellent prospect for national economic progress--the assigned topic. But it was too good a chance for commentators to read this as a blast at the Administration. I feel quite sure that if I had had a chance to discuss it with the President when it first appeared that he would have recognized the brief comment on government finance as a mere note of warning to be pondered by Congress quite as much as the Executive and with Republicans as culpable as Democrats. I am no less sure that those in the White House entourage who were anxious to speed my departure seized on this as a good means of stirring the President to resentment. At all events the letter he finally sent me was of such coolness as to evoke considerable comment. Attached clippings will show this as well as the curious way the White House had handled the whole matter of announcement.

Mr. Steelman called on Tuesday afternoon saying he wanted to see me the next morning. Wednesday morning he 'phoned that he had got tied up on an "emergency" matter with the Boss and would call me Thursday morning. The President's letter came over about 4:30 that afternoon, and Steelman never did anything more about the proposed appointment on Thursday. David Wills saw Steelman on Thursday afternoon and asked him if he had talked things over with me. He said: "No, I understand he has gone to New York." We had told him I would be leaving on Friday at one o'clock."

Charles Collingwood saw the President on another matter Thursday morning before the press conference. He asked the President about my speech, and he replied: "The Doctor is a very fine economist but he just doesn't understand about this deficit." He went on in much the same vein subsequently in the press conference (see clippings). The White House correspondents have been discriminating and generous to me with few exceptions (see Al Friendly story in the Post) and did not ask questions in the Thursday press conference that might have become embarrassing.

^{David} When Wills had talked to Steelman, the latter had said also: "Well, there must be some other place in the Government for the good Doctor"!!!