

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 6, 1939.To Chairman EcclesSubject: Comments on Proposed Program ofFrom Lauchlin CurrieResearch

The topics pretty well boil down to:

- (a) What caused the downturn in 1937?
- (b) How can we get a high level of national income?
- (c) What should be done to prevent a recurrence of developments of 1937?

One serious omission in the list of specific topics is "to what extent and at what points in recovery will we encounter bottlenecks arising from inadequate plant capacity?"

I think, moreover, that we are now in a position to state approximately the volume of private capital expenditures plus net contribution necessary for relatively full employment. This question would be related to question 15.

Another question might be the probable future course of interest rates.

In thinking the matter of procedure over, I think you should resist any proposal, if made, either to allocate the topics to the different agencies or to farm them out to outside people. We are vitally interested in all three of the main topics and have something to contribute on all of them. There is always a danger that the outside experts that might be selected may be heavily committed already on the wrong side (from our point of view). I think that the three research agencies (or four, if Commerce comes in on it) should undertake to work on any or all of the topics, taking on additional people if necessary. Then later a job of integration, listing all points of agreement and disagreement, filling up gaps, and taking out duplication, etc., could be done, perhaps with the assistance of, say, Viner and Hansen. Finally, if agreement is obtained we could have a single report; if not, two reports.