

# TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE November 16, 1934.

TO Mr. Eccles

FROM Mr. Edmiston

Re: Comments and suggestions about relations of  
the Federal Reserve Council to the Board.

I do not think that it is worth while for the Board to enter into a controversy with the Council about what subjects the Council may legitimately discuss or make recommendations upon. However, I do think that the subjects which the Council contemplates making statements about should be discussed at their meetings so that there will be full interchange of views between members of the Council and the Board.

The question of publicity however should be discussed at the next meeting. Three lines of approach might be considered by the Board in this connection.

1. The Board might continue to permit the Council to make statements and circularize these statements to all member banks with no comments at all by the Board. This would give the Council complete freedom of expression of its views without embroiling the Board in any controversy with the Council.
2. The Board, it seems to me, <sup>might have</sup> ~~has~~ the power under the law to request that the Council address its recommendations only to the Board with no circularization or publicity. The Board could then simply publish the recommendations in its annual report and in this way such recommendations would be effectively shelved, while at the same time there could be no effective charge that the recom-

mendations of the Council were not considered by the Board and were not given appropriate recognition in the annual reports.

3. The Board and the Council might issue a joint statement.

The recommendations of the Council would be presented, followed by the Board's statement on them. This course has a danger in that it might lead to adverse publicity and might engross the Board in needless controversy. On the other hand, however, the Council might under these circumstances be much less free to make sweeping generalizations without support, because it knows that the Board is going to carefully comment on and criticize such statements. More harmonious relations might result from this course of action.

This whole question goes back to whether or not the Board should change the policy it has been following in the recent past of cloaking its activities with great secrecy. The Board might well consider whether or not greater publicity should be given to its actions, with current surveys of the general business situation and an explanation of the action taken by the Board to meet the conditions as it sees them.