



## TREASURY DEPARTMENT

WASHINGTON

November 17, 1934.

Dear Mr Eccles,

Since you are so rushed here and are leaving in a couple of days I am taking the liberty of putting down some things which I think have a bearing on the situation and which you may look over at your leisure. In the first place please don't feel that I think you made any commitment. I did not regard it as such and have mentioned it to no one (Viner brought the subject up with me).

I think that, through my contacts with Professor Williams and two former students who are working on the Federal Reserve study, I am in somewhat a better position than you to find out something about the Research Division. The picture I get is this. At the present time Goldenweiser constitutes a bottleneck of the research staff. Everything goes through him. I have been told that Reifler met Miller for the first time last year! Separate buildings, of course, contributed to this. In any case there is danger that the Board gets the benefit of Goldenwieser's advice only. I think, and you will probably agree, that such advice in the past left much to be desired. The practically unanimous view in the Division is that Federal reserve has never been too restrictive (G. even defends or has defended the '31 policy) but has, on the contrary, erred on the inflationary side. They are, so far as I can gather, not interested in money and have never compiled a series of money. They have done little work on velocity and nothing on income. Their main interest appears to have been in banking practice and in the character and movements of various types of bank assets.

I cannot see myself fitting into this picture with any chance of being useful unless I could have assurance of independence and ability to have access to you personally or at least get my stuff to you uncensored. I am not particularly proficient in banking practice but, with all due modesty, I think I'm a better monetary theorist than anyone on the staff and that my attitude and objectives are closer to yours. Hence my chief usefulness would be in business trend analysis, in developing statistical data of a forecasting nature, in work on the technique of monetary control, in making the analysis in the Annual Reports



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and monthly Bulletins more respectable, and finally in being of assistance to you in the preparation of speeches and statements and in aiding you in keeping up with the advances in business cycle theory and business trend analysis. I think I could get along personally with G. all right but I'm under no illusions concerning the wide divergence in our theoretical approach.

I understand that the position you had in mind was that of Assistant Director. Anything less would put me at too much of a disadvantage in a hostile environment to permit me to accomplish much. Parry is now the Assistant Director but I think this could be got around. He is now devoting all his time to the new duties that have devolved on the Board in connection with securities, margins, etc., and Thomas is assisting him. ~~I suggest that a new Securities Division be set up~~ Goldenweiser has complained in this connection that he has to accept responsibility for things he knows very little about. I suggest that a new Securities Division be set up with Parry as Director, corresponding to the Division of Bank Operations, and Division of Research. That would ~~then~~ leave the position of Assistant Director of Research open.

I think there is something to be said for making the shift at an early date if it is to be made. They are all prepared for changes over there now and I should have the psychological advantage of coming in with you. More resentment might be felt if an appointment came after a couple of months. Viner left it up to me though he said he would like to have my services part of the time, though his work is slackening off. He appeared to think that the difficulty with the Secretary could be smoothed over.

Finally, the salary. G. gets \$15000. I don't know what Parry gets but I have been told that Thomas gets \$9000. I should think that I should get at least that. In the first place one's prestige and standing depends in part on the relative size of one's salary. Secondly, although I am only getting \$6000 at the Treasury I regard this as a temporary job. I don't know if I told you that I have the offer of a full professorship in the Fletcher Graduate School of International Law and Diplomacy next fall at \$6000. I have also the position of economic adviser to the Kendall Company at \$100 per month. Moreover I receive nearly four months vacation. Thirdly, I would be cut off from the academic field



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which is more secure and permanent. Fourthly, I don't want to appear gfeedy but I am supporting eight people besides myself in three different establishments!

PleAVE forgive the wretched typing. It is my own.

Sincerely

*Lauchlin Currie*