

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date February 26, 1941

To Board of Governors

Subject: \_\_\_\_\_

From Mr. Goldenweiser

In connection with the projects in which Alvin Hansen is interested, there is attached a brief account of the luncheon conference held with him on February 20. Today further discussion was had on this project. It was agreed that Mr. Hansen needs a full-time assistant who would stay here and keep in touch with the work of persons in the various sections in the field of Mr. Hansen's interests and would also handle some of the assignments himself. It is essential that the person occupying that position represent Mr. Hansen's own selection, and no decision has yet been made whether the place is to be filled from within or without the Division.

On the problem of combating inflation, it was understood that much of the work in the Division was concerned with that subject. Mr. Hansen's particular interest at this time is experimenting with adaptations of the Keynes blocked income proposals. It was agreed that this work could be done within the Division.

In the field of Federal, State, and municipal tax reform, it was agreed that the work will continue to be done under Martin Krost's supervision, but that he would need an assistant. The particular person to fill this place has not been selected, but there are possibilities of filling it from within the Division. Mr. Hansen also had the idea that there was an Assistant Professor in Michigan who might come and help in this field during the summer.

In the field of housing and public works, the person in our Division who has charge of this work in general is Ray Foster. In view of the magnitude of the project, Mr. Hansen will probably need an additional person. It is probable that we will have to go outside of the Division to find one, and Mr. Hansen will give the matter consideration.

In the field of post-war international trade, it was agreed that the section of international finance is doing the work that needs to be done and that Mr. Hansen will find means of having his ideas analyzed and elaborated by using the existing personnel.

Attachment

Copy of memorandum and attachment sent to each Board Member, Messrs. Clayton, Thurston, Bethea, and Carpenter, on March 1, 1941.

February 20, 1941

Luncheon with Mr. Hansen

At the luncheon with Mr. Hansen there were present all Board members, except Mr. McKee, as well as Messrs. Morrill, Clayton, Thurston, Goldenweiser, and Hansen of the staff.

Mr. Hansen outlined the five problems on which he thinks work should be done somewhere in the Government. These problems are:

- 1) Immediate problems of financing with a view to avoiding inflation.
- 2) Consideration of reform in Federal, State, and municipal taxation with a view to closer coordination between the three.
- 3) Housing as an immediate problem and as a post-war reconstruction feature.
- 4) Public works as a post-war reconstruction factor.
- 5) International trade after the war.

Mr. Hansen felt that these constitute the main core of our economic problems for the present and the immediate future; that they all have a bearing on the maintenance of economic stability and consequently on the responsibilities of the Federal Reserve System. He recognizes that all of the work cannot be done here and that many other agencies will have a hand in it. On public works, for example, both the WPA and the National Resources Committee propose to undertake extensive investigations. Hansen feels, however, that the Board ought to have one or two people working in each of these fields so as to be in touch with developments and capable of formulating ideas.

This would enable the Board to exert an influence in the councils of the Government, particularly if a committee on monetary and fiscal problems were organized. Mr. Hansen said that he got a good deal of help from the existing members of the staff, but that he has gotten to the point now where he feels the need of some people whose entire time will be devoted to these subjects.

Mr. Goldenweiser said that on the first and fifth points there are enough people working in the Division now and that it will be merely a matter of clarification of assignments; that we have only one person devoting full time to the entire subject of construction, including both housing and public work. Little work is being done on subject 2.

It was agreed that Mr. Hansen and Mr. Goldenweiser would present a more detailed statement of the projects and of the personnel to be assigned to them. This memorandum will indicate to what extent the work can be done with existing staff and to what extent additions may be necessary.