

Chairman Eccles

FEDERAL RESERVE BANK OF MINNEAPOLIS

November 30, 1943

Mr. Chester Morrill, Secretary
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Mr. Morrill:

The statement by Chairman Eccles dealing with the research work of the System and issued under date of November 8, 1943 was read and discussed at the last meeting of our board of directors. As you know, we have been broadening our research work in hearty accord with the recommendation to this effect by the Board of Governors and our board is in full agreement with the Chairman's policy statement in most regards. However, there were a few places in the statement where our directors thought that a stop, look and listen sign should be erected. I know that Chairman Eccles and the other members of the Board of Governors will want our viewpoint and so I am calling these exceptions to your attention.

Our general view is that expressions on questions of monetary policy and indeed all public expressions on topics of the day by members of our staff inevitably are construed by the public as having the endorsement of this institution. Our board of directors and executive officers are charged by Congress with the guidance of the institution and we should not surrender this responsibility to a group of economists no matter how capable they may be. Accordingly, the board of directors asked to have placed in the minutes of our last meeting the following reservations to Chairman Eccles' statement:

- "(1) On page 3, paragraph 2, it is stated: 'They (the economists*) should also, in my opinion, determine which material merits publication and what is equally important -- which does not merit publication.' (*Our insertion for clarity.) In this district it is considered advisable for the board of directors or senior officers to pass on the policy of publishing such material.
- "(2) On page 3, paragraph 2, the following sentence appears: 'I feel that our own Federal Reserve Bulletin should have the first call, rather than outside publications, upon such material and that it should

be made clear in the Bulletin that when articles and studies are published, they are the product of the staff, either here or at the banks, or jointly, and are not to be taken as official expressions of the Board or of the Banks or the System unless explicitly so designated.' Material submitted by the economic and research staff of this bank for publication in the Federal Reserve Bulletin should be the outgrowth of data prepared for or discussed with the directors and senior officers of this bank and will obviously have their approval prior to publication.

- "(3) On page 4, the first sentence in the last paragraph reads as follows: 'In a word, it is necessary to come to conclusions as Mr. Hoffman's committee has succeeded in doing and as we as a System must do if all the time, money and effort we propose to expend in research and educational work is to have any value in the formulation of public opinion and public policy.' As a clarification of this board's position, it was decided that the directors or senior officers of the bank should approve and be responsible for such conclusions as are drawn for public use. The manner in which a conclusion is expressed and circulated is of great importance and at that point our board can render a valuable service."

Very truly yours,

(signed) W. C. Coffey

Chairman