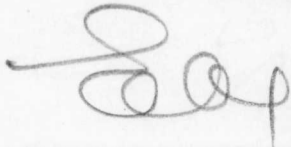


Elliot : -

In order to make
sure that the Chairman
is informed of this matter -
attach ~~to~~ certain documents.



C O P Y

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 1, 1944

To Mr. Goldenweiser

Subject: _____

From Mr. Carpenter

At the meeting of the Board yesterday at which you were present, unanimous approval was given to a motion that the Board approve the making of the study by the Board and the Reserve Banks on postwar economic policies with the understanding that the study would be a project wholly within the Federal Reserve System in which all of the Federal Reserve Banks would participate, that no publicity would be given to the project or any of the results of the study until the Board had determined what its policy should be in that connection, and that a decision with respect to release or publication of all or any part of the study would be made only at a meeting at which all of the members of the Board were in attendance.

S. R. C.

May 31, 1944

To: Board of Governors
From: Mr. Goldenweiser

Subject: Reports by System economists
on postwar economic policies

This is a progress report on steps taken to organize the preparation of reports on postwar economic policies by members of the research staffs of the Board and the Federal Reserve Banks. What we propose to do is to get the best judgment of specialists in the employ of the Federal Reserve System on desirable policies to be adopted after the war in the different fields with which they are familiar.

I wish at this time to ask for Board approval of the general project so that I may have the assurance that the Board is in sympathy with the undertaking and will stand back of me in connection with such problems as may arise particularly in connection with the assignments of subjects to research men at the Federal Reserve Banks.

You may recall that the origin of this study of postwar policies was a request by Chairman Eccles, at a meeting of the Open Market Committee in March, that the economists who on that occasion had outlined a number of problems, proceed further and provide the System with solutions of these problems.

At the meeting of the Open Market Committee on May 4 I presented a program of postwar economic policies covering every phase that I could think of. I had arranged the program under fifteen general heads. This was a very hasty statement and it gave quite definite answers to all the questions, with the understanding on my part that that was preliminary and was thrown out only for purposes of discussion.

Later, at Allan Sproul's request, I enumerated these points at the conference of Chairmen of the Federal Reserve Banks, and I also gave them in substance to the Federal Advisory Council.

Later still these questions were changed into topics without definite commitments. At the meeting we had in Minneapolis of the System Research Advisory Committee the subject was discussed and specific assignments with a time schedule were prepared. A copy of these assignments is attached.

It has become generally understood in the System that monetary and credit policy cannot be conducted satisfactorily without an understanding of the entire economic picture. Consequently, the System has on its payroll specialists in nearly every economic field. What it is proposed to do now is not to undertake any new research, but merely to ask the specialists to make reports of their judgment on the basis of such study as they have given the subject in recent years. When all of these reports have been received and edited they will together constitute a postwar program which will be available to the Board and the Banks. What other use will be made of this document and whether it will ever be considered for publication need not be discussed at this time.

I believe that the banks will be glad to cooperate if they understand the basis on which it is being done. It is my own judgment that the fact that we have undertaken an ambitious and broad program has already helped the morale of the research staffs and has elicited a good deal of enthusiasm. Nothing stimulates economic thinking as much as the feeling that practical recommendations are wanted.

It is my purpose to proceed with the preparation of these documents and to have them ready some time this autumn or early winter. If for any reason the Board is not in favor of the proposal, I should like to stop it before proceeding further in making specific assignments. On the other hand, if the Board approves I want to send out the assignments promptly and also write to the Presidents of the Banks asking their support for the staff members in their bank who will be giving time to this matter.

E. A. G.

POSTWAR ECONOMIC PROBLEMS AND POLICIES

<u>Subject</u>	<u>Proposed Author</u>	<u>Proposed Completion Date</u>
1. Introduction and summary General appraisal of problems and proposed policies	E. A. Goldenweiser (Board)	
2. Gross national output Volume required for full employment	Everett Hagen (Board)	August 31
3. Distribution of output with reference to markets and living standards	Frank Garfield (Board)	August 31
4. International trade, monetary and financial policies	Walter Gardner (Board) Woodlief Thomas (Board) John Williams (New York)	September 31
5. Price developments and price policies a. Price controls and rationing in the transi- tion period b. Prices, costs, and the incidence of increasing productivity c. Regulation of monopoly, trade restrictions, and other rigidities	Clarence Tow (Kansas City) Clayton Gehman (Board) Howard Ellis (Board)	July 31 August 31 August 31
6. Labor developments and labor policies Wages, hours, and working conditions; labor costs; demobilization and readaptation problems; collective bargaining Government policy toward maintenance of employment	Kenneth Williams (Board)	August 31
7. Agricultural developments and policies	Committee on Agriculture Arthur Bunce (Board), Chairman Phil Eckert (Cleveland) Walter Garver (Chicago) Franklin Parsons (Minneapolis) Earle Rauber (Atlanta)	August 31

<u>Subject</u>	<u>Proposed Author</u>	<u>Proposed Completion Date</u>
8. Social security Minimum standards and cyclical significance	To be assigned	
9. Public services and public works Health, education, recreation, and similar services; urban rehabilitation, highways, conservation, and similar public works	To be assigned	
10. State and local fiscal problems Expenditures and taxation; inter-governmental relationships (Federal, state, and local) in these and in public services and public works	Committee on State and Local Finance George Mitchell (Chicago), Chairman Lloyd Raisty (Atlanta) Oscar Litterer (Minneapolis) Alvin Hansen	August 31
11. Federal budget and taxation	Richard Musgrave (Board) George Mitchell (Chicago) Oscar Litterer (Minneapolis)	August 15
12. Management of the public debt	L. M. Piser (Board) D. M. Kennedy (Board) H. V. Roelse (New York)	August 15
13. Business finance a. Financing industrial reconversion b. Peacetime financing needs	Committee on Financial Aspects of Reconversion Arthur Upgren (Minneapolis), Chairman Kenneth MacKenzie (Cleveland) Walter Hoadley (Chicago) James Dolley (Dallas) Susan S. Burr (Board) Frederick Dirks (Board)	August 31
c. Long-time needs of small business	Ernest Hopkins (Atlanta) Susan S. Burr (Board)	August 31

POSTWAR ECONOMIC PROBLEMS AND POLICIES (Continued)

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<u>Subject</u>	<u>Proposed Author</u>	<u>Proposed Completion Date</u>
14. Commercial banking after the war	Committee on Banking and Credit Policy C. A. Sienkiewicz (Philadelphia), Chairman E. A. Kincaid (Richmond) Arthur Upgren (Minneapolis) Morgan Rice (Dallas) Henry Edmiston (St. Louis) Woodlief Thomas (Board) D. M. Kennedy (Board) Roland Robinson (Board)	September 30
15. Interest rates	John Langum (Chicago)	August 31
16. Selective credit controls	Carl Parry (Board) C. O. Hardy (Kansas City)	August 31
17. Postwar role of central banking	Karl Bopp (Philadelphia) Roland Robinson (Board) William Tongue (Chicago)	October 15

June 6, 1944