

UNITED STATES SENATE
Committee on Banking and Currency

March 3, 1945

Honorable Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

Dear Mr. Chairman:

I am herewith transmitting a copy of a bill "To establish a national policy and program for assuring continuing full employment in a free competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government," which has been referred to the Committee on Banking and Currency.

As you can readily understand, the issues posed by this bill are of far reaching magnitude and your cooperation in exploring the various problems involved in maintaining full employment after the war will be very helpful. In this connection, I should like to have your agency's preliminary comments on the following questions:

1. If we were assured of continuing full employment after the war, what might the effect be on the sectors of our economy with which your agency is concerned?
2. If S. 380 were enacted by the Congress, what might be the role of your agency in helping achieve continuing full employment?
3. In the present planning of your agency's post-war activities, what assumptions, if any, have you made with regard to the post-war level of the gross national product, the national income, and employment?
4. What specific improvements in S. 380 might be considered by the Banking and Currency Committee?

Since the Committee is planning to review these questions before the inauguration of its public hearings on S. 380, I should appreciate hearing from you by March 31st, 1945.

Sincerely yours,

(sgd) Robert F. Wagner

Chairman

Chairman

79TH CONGRESS
1ST SESSION

S. 380 (*As passed by the Senate*)

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 1945

Referred to the Committee on Expenditures in the Executive Departments

AN ACT

To establish a national policy and program for assuring continuing full employment and full production in a free competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "Full Em-
5 ployment Act of 1945".

6 FREE ENTERPRISE AND FULL EMPLOYMENT

7 SEC. 2. (a) It is the responsibility of the Federal Gov-

1 ernment to foster free competitive private enterprise and the
2 investment of private capital.

3 (b) All Americans able to work and seeking work are
4 entitled to an opportunity for useful, remunerative, regular,
5 and full-time employment, including self-employment in agri-
6 culture, commerce, industry or the professions.

7 (c) In order to assure the free exercise of the oppor-
8 tunity for employment set forth above and in order to (1)
9 foster free competitive private enterprise and the investment
10 of private capital; (2) promote the general health and
11 welfare of the Nation; (3) foster the American home and
12 American education as the foundation of the American way
13 of life; (4) raise the standard of living of the American
14 people; (5) provide adequate employment opportunities for
15 returning veterans; (6) develop trade and commerce among
16 the several States and with foreign nations; (7) maintain
17 expanding markets for agricultural products and assure
18 expanding income for agricultural enterprises; (8) contribute
19 to the economic development of underdeveloped areas of the
20 country; (9) encourage and strengthen competitive small
21 business enterprises; (10) strengthen the national defense
22 and security; and (11) contribute to the establishment and
23 maintenance of lasting peace among nations, the Federal
24 Government has the responsibility, with the assistance and
25 concerted efforts of industry, agriculture, and labor and

1 State and local governments and consistent with the needs
2 and obligations of the Federal Government and other essen-
3 tial considerations of national policy, to assure continuing full
4 employment, that is, the existence at all times of sufficient
5 employment opportunities for all Americans able to work
6 and seeking work.

7 (d) To that end the Federal Government shall, in coop-
8 eration with industry, agriculture, labor, State and local
9 governments, and others, develop and pursue a consistent and
10 carefully planned economic program with respect to, but not
11 limited to, taxation; banking, credit, and currency; monopoly
12 and monopolistic practices; wages, hours, and working con-
13 ditions; foreign trade and investment; agriculture; education;
14 housing; social security; natural resources; the provision of
15 public services, works, and research; and other revenue, in-
16 vestment, expenditure, service, or regulatory activities of
17 the Federal Government. Such program shall, among other
18 things—

19 (1) stimulate, encourage, and assist private enter-
20 prises to provide, through an expanding production and
21 distribution of goods and services, the largest feasible
22 volume of employment opportunities;

23 (2) stimulate, encourage, and assist State and local
24 governments, through the exercise of their respective

1 functions, to make their most effective contribution to
2 assuring continuing full employment;

3 (3) provide for an income for the aged sufficient
4 to enable them to maintain a decent and healthful
5 standard of living, and promote the retirement from
6 the labor force of the older citizens; and

7 (4) to the extent that continuing full employment
8 cannot otherwise be attained, provide, consistent with
9 the needs and obligations of the Federal Government
10 and other essential considerations of national policy,
11 such volume of Federal investment and expenditure as
12 may be needed, in addition to the investment and ex-
13 penditure by private enterprises, consumers, and State
14 and local governments, to achieve the objective of con-
15 tinuing full employment. Federal investment and
16 expenditure, whether direct or indirect, or whether for
17 public works, for public services, for assistance to busi-
18 ness, agriculture, home owners, veterans, or consumers,
19 or for other purposes, shall be designed to contribute
20 to the national wealth and well-being and to stimulate
21 increased employment opportunities by private enter-
22 prises. Any such Federal investment and expenditure
23 calling for the construction of public works by the Fed-
24 eral Government shall provide for the performance of
25 the necessary construction work by private enterprises

1 under contract, except where the performance of such
2 work by some other method is necessary by reason of
3 special circumstances or is authorized by other provisions
4 of law; and all such work shall be performed in accord-
5 ance with all applicable laws, including laws relating
6 to labor standards: *Provided*, That any program of
7 Federal investment and expenditure for the fiscal year
8 1948 or any subsequent fiscal year when the nation is
9 at peace shall be accompanied by a program of taxation
10 over a period comprising the year in question and a
11 reasonable number of years thereafter designed and
12 calculated to prevent during that period any net in-
13 crease in the national debt (other than debt incurred
14 for self-liquidating projects and other reimbursable
15 expenditures), without interfering with the goal of full
16 employment.

17 (e) It is the policy of the United States to discharge
18 the responsibilities herein set forth in such a manner as will
19 contribute to an expanding exchange of goods and services
20 among nations and without resort to measures or programs
21 that would contribute to economic warfare among nations.

22 THE NATIONAL PRODUCTION AND EMPLOYMENT BUDGET

23 SEC. 3. (a) The President shall transmit to Congress
24 at the beginning of each regular session the National Pro-

1 duction and Employment Budget (hereinafter referred to
2 as the "National Budget"), which shall set forth—

3 (1) for the ensuing fiscal year and such longer
4 period as the President may deem appropriate, an esti-
5 mate of the number of employment opportunities needed
6 for full employment, the production of goods and services
7 at full employment, and the volume of investment and
8 expenditure needed for the purchase of such goods and
9 services;

10 (2) current and foreseeable trends in the number
11 of employment opportunities, the production of goods
12 and services, and the volume of investment and expendi-
13 ture for the purchase of goods and services, not taking
14 into account the effects of the general program provided
15 for in paragraph (3) hereof; and

16 (3) a general program, pursuant to section 2, for
17 assuring continuing full employment, together with such
18 recommendations for legislation as he may deem neces-
19 sary or desirable. Such program shall include whatever
20 measures he may deem necessary to prevent inflationary
21 or deflationary dislocations or monopolistic practices
22 from interfering with the assurance of continuing full
23 employment.

24 (b) The National Budget shall include a review of
25 the economic program of the Federal Government during the

1 preceding year and a report on its effect upon the amount
2 of the national income and upon the distribution of the
3 national income among agriculture, industry, labor, and
4 others.

5 (c) The President shall transmit quarterly to Congress
6 a report on economic developments, together with such modi-
7 fications in the National Budget and such legislative recom-
8 mendations as he may deem necessary or desirable.

9 (d) When the National Budget and the quarterly re-
10 ports thereon are transmitted to the Congress, they shall
11 be referred to the Joint Committee on the National Budget
12 hereinafter established.

13 PREPARATION OF NATIONAL BUDGET

14 SEC. 4. (a) The National Budget shall be prepared
15 under the general direction and supervision of the President,
16 and in consultation with heads of departments and estab-
17 lishments.

18 (b) The President shall consult with industry, agricul-
19 ture, labor, consumers, State and local governments, and
20 others, with regard to the preparation of the National
21 Budget, and for this purpose shall establish such advisory
22 boards, committees, or commissions as he may deem desirable.

23 JOINT COMMITTEE ON THE NATIONAL BUDGET

24 SEC. 5. (a) There is hereby established a Joint Com-
25 mittee on the National Budget, to be composed of fifteen

1 Members of the Senate, to be appointed by the President of
2 the Senate; and fifteen Members of the House of Representa-
3 tives to be appointed by the Speaker of the House of Repre-
4 sentatives. The party representation of the Joint Committee
5 shall as nearly as may be feasible reflect the relative mem-
6 bership of the majority and minority parties in the Senate
7 and the House of Representatives.

8 (b) It shall be the function of the Joint Committee—

9 (1) to make a continuing study of matters relating
10 to the National Budget and to consult with the President
11 with respect thereto;

12 (2) to make a study of the National Budget trans-
13 mitted to Congress by the President in accordance with
14 section 3 of this Act; and

15 (3) as a guide to the several committees of Con-
16 gress dealing with legislation relating to the National
17 Budget, not later than April 1 of each year to file
18 a report with the Senate and the House of Representa-
19 tives containing its findings and recommendations with
20 respect to each of the main recommendations made by
21 the President in the National Budget.

22 (c) Vacancies in the membership of the Joint Com-
23 mittee shall not affect the power of the remaining members
24 to execute the functions of the committee, and shall be filled
25 in the same manner as in the case of the original selection.

1 The committee shall select a chairman and a vice chairman
2 from among its members.

3 (d) The Joint Committee, or any duly authorized sub-
4 committee thereof, is authorized to sit and act at such places
5 and times, to require by subpoena or otherwise the attendance
6 of such witnesses and the production of such books, papers,
7 and documents, to administer such oaths, to take such testi-
8 mony, to procure such printing and binding, and to make
9 such expenditures as it deems advisable. The cost of steno-
10 graphic services to report such hearings shall not be in excess
11 of 25 cents per hundred words. The provisions of sections
12 102 to 104, inclusive, of the Revised Statutes shall apply in
13 case of any failure of any witness to comply with any sub-
14 pena, or to testify when summoned, under authority of this
15 section.

16 (e) The Joint Committee is empowered to appoint and
17 fix the compensation of such experts, consultants, technicians,
18 and clerical and stenographic assistants as it deems neces-
19 sary and advisable, but the compensation so fixed shall not
20 exceed the compensation prescribed under the Classification
21 Act of 1923, as amended, for comparable duties. The com-
22 mittee is authorized to utilize the services, information,
23 facilities, and personnel of the departments and establish-
24 ments.

25 (f) The expenses of the Joint Committee shall be paid

1 one-half from the contingent fund of the Senate and one-half
2 from the contingent fund of the House of Representatives
3 upon vouchers signed by the chairman or vice chairman.

4 INTERPRETATION

5 SEC. 6. Nothing contained herein shall be construed
6 as directing or authorizing—

7 (a) the operation of plants, factories, or other pro-
8 ductive facilities by the Federal Government;

9 (b) the use of compulsory measures of any type
10 whatsoever in determining the allocation or distribution
11 of manpower;

12 (c) any change in the existing procedures on
13 appropriations; or

14 (d) the carrying out of, or any appropriation for,
15 any program set forth in the National Budget, unless
16 such program shall have been authorized by provisions
17 of law other than this Act.

Passed the Senate September 28 (legislative day, Sep-
tember 10), 1945.

Attest:

LESLIE L. BIFFLE,

Secretary.

79TH CONGRESS
1ST SESSION

S. 380

AN ACT

To establish a national policy and program for assuring continuing full employment and full production in a free competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government.

OCTOBER 1, 1945

Referred to the Committee on Expenditures in the
Executive Departments

~~W. T. Thomas~~
Chairman Eccles

May 9, 1945

To: Board of Governors Subject: Letter on Full
From: Woodlief Thomas Employment Bill

Attached is a draft of a proposed reply to Senator Wagner's letter of March 3, 1945, requesting the Board's views regarding Bill S. 380 -- the Full Employment Act of 1945. This draft has been prepared in this Division and is being submitted to you as a basis for discussion of the sort of reply that the Board will want to submit.

The Senate Committee is anxious to receive the Board's reply as soon as possible, as the staff is preparing for the Committee an analysis of all comments received from Government agencies and others.

W. T.

information function

PROPOSED DRAFT OF REPLY TO LETTER FROM
SENATOR WAGNER OF MARCH 3, 1945

May 9, 1945

Honorable Robert Wagner
United States Senate
Washington, D. C.

Dear Senator Wagner:

In response to your letter of March 3 requesting preliminary comments of the Board of Governors on the issues involved in and the possible effects of the passage of the Full Employment Act of 1945, the Board submits the following reply:

The Board is wholeheartedly in agreement with the objectives and general approach outlined in S. 380 and favors legislation more definitely incorporating these objectives among the guiding principles of governmental policy. With respect to particular aspects of the proposed bill, the Board has some reservations. We question the advisability of establishing by law the rather precise statistical procedures and measurements set forth. The Bill seems to us to place undue reliance on what is called "public investment"; we believe greater emphasis should be given to the interrelationship of all sectors of the economy -- public and private -- and particularly to those policies and actions that bring private activity into play. The Bill is not clear as to how the proposed program to be submitted by the President would relate to or affect the powers and duties of various government agencies. These points are discussed more fully later in this letter.

In general, the Board believes that passage of the proposed Bill would be helpful in directing and coordinating the activities of all agencies of the Government toward the broad goal to which the Federal Reserve System has long directed its efforts. The System was established and has been operated for the purpose of facilitating, through monetary and credit policies, the effective functioning of the economy. We have considered the general national economic objectives to be attainment and maintenance of full employment and active business. We also realize that controls over banking and credit are only one of the many instruments of economic policy necessary in order to assure continuing full production. A Congressional directive focusing the attention of all agencies on the overall problem of national economic policy would help the Federal Reserve System to play its part in the general endeavor and would make monetary policy more effective.

It is the Board's view that the most desirable and efficient form of economic system is that in which the initiative is taken by individual persons and businesses, with government exercising general controls, providing a favorable environment for private enterprise, and operating directly in those activities which private enterprise is not in position to handle effectively. Governmental operations and policies, however, have an inevitable and important effect on the decisions and actions of individuals and, therefore, influence the attainment and maintenance of high levels of employment and consumption. The adoption of policies that work toward this end should be recognized as one of the purposes and objectives of government, along with those that are more commonly accepted and established by law and tradition. When severe depression or uncontrolled inflation exist or threaten, an appropriate change in the direction of economic trends may become the major responsibility of government.

Assurance of continuing full employment would minimize needless and wasteful business and financial risks associated with wide cyclical fluctuations in general activity. Private enterprise can be expected to meet the risks of competition in which survival and success accrue to the efficient firms and sanctions are automatically applied to the inefficient. This type of risk is essential to the functioning of a competitive system in a free society. The risks and wastes of widely fluctuating general economic conditions, on the other hand, are not necessary or desirable.

Such risks strike the efficient along with the inefficient, penalizing both with little discrimination, and place rewards not on the basis of merit but largely of chance. They distort the economy; they place a premium on outguessing economic trends rather than on developing competent business management; they, therefore, cause wide variations in business investment and accentuate the fluctuations in employment. Wide fluctuations in business activity make costs of operation difficult to calculate; they force accumulation of unnecessary, and at times, redundant business reserves to meet unknown contingencies; they encourage self-defensive restrictionist policies by business, labor, banking, and other groups; they stifle small business and reduce the flow of funds into small enterprises; and they lead to price policies designed to yield profits at low levels of operation. When violent fluctuations in employment and income occur periodically, consumers can have little confidence in their ability to meet long-term commitments for the purchase of housing and other durable goods and, therefore, tend to accumulate reserves for emergencies; these accumulations may vary in such a way as to accentuate instability in economic conditions. These developments create serious difficulties for the effective operation of the banking system and handicap that system in providing proper aid and guidance to business and the community.

Moreover, wide fluctuations in American economic conditions contribute to international difficulties. A continued high level of employment here would facilitate the attainment of greater stability and prosperity throughout the world. Our foreign trade is so large a proportion of world trade that curtailment of our purchases from other nations has serious economic and financial effects throughout the world. Other nations, in order to protect their gold and monetary reserves and to prevent our unemployment from spreading to their countries, are under pressure to adopt restrictive policies of the kind so common during the 1930's. The use of instruments of economic warfare during that period helped to spread the international economic dislocations of the time.

Following are more detailed comments on the specific questions set forth in your letter:

1. If we were assured of continuing full employment after the war, what might the effect be on the sectors of our economy with which your agency is concerned?

Assurance of continuing full employment would affect the banking and credit system in various respects. Such assurance should, on the one hand, through the influences already mentioned, improve greatly the operation of the banking system and help it to contribute positively to a vigorous and dynamic functioning of the whole economic system. At the same time, such a condition would be more conducive to excessive or unsound uses of credit and might, therefore, necessitate more stringent credit controls and monetary policies than would otherwise be required.

By reducing the wastefulness and the risks of sharp ups and downs of national income, assurance of continuing full employment would go far to increase the effectiveness of indirect methods of economic guidance that traditionally are exercised by a banking system. It should expand opportunities for productive commercial loans and help to re-establish in banking and in business the spirit of enterprise and the willingness to accept competitive risks in return for a chance to earn competitive profits.

The credit system is particularly sensitive to fluctuations in employment and in business prospects. In times of increasing activity banks are willing to expand credit, and often overexpand it, while in periods of recession they are likely to be overzealous in contracting credit. Adoption of various governmental policies for the promotion of stability will lend support to monetary and credit policies which may be followed, but which alone are likely to be inadequate. In periods of substantial unemployment, monetary and credit policies cannot provide

the stimulus required for the expansion; they can only help to maintain conditions favorable to business expansion. In such a situation reliance for bringing about the high level of activity required must be placed in large measure on other policies, including fiscal policies and direct measures.

2. If S. 380 were enacted by the Congress, what might be the role of your agency in helping achieve continuing full employment?

The primary role of the Federal Reserve System is, and in case of enactment of S. 380 would continue to be, the provision of adequate monetary media for the functioning of the economy and the maintenance of sound credit conditions. These are the principal objectives governing the use of the well-known instruments of Federal Reserve policy -- control over the supply of bank reserves and over the level of interest rates, supervision of banking, and certain direct controls over particular types of credit. As previously indicated, the Board does not believe that the exercise of these powers can by itself accomplish the System's broad objectives and would welcome the utilization of other powers and policies of government toward these ends.

In times of full employment, Federal Reserve controls over the supply and cost of funds can exercise an important influence in maintaining an economic environment in which full employment can be continued. Pressures toward inflation, in specific areas and in general, are much greater at times of high activity, particularly if there is government assurance of the maintenance of full employment. In such a situation, the control of money and credit, with the assistance of other policies, can go a long way toward preventing unsound speculation and the development of inflation.

The dangers of specific or general inflation may be unusually great after the war in view of the large volume of liquid assets in the hands of the public and business and the accumulated demand for goods. It may be necessary not only to strengthen the general credit controls but also to extend the areas of selective credit controls. By supporting general credit policies through the use of selective mechanisms, more accurate and more specifically directed adjustments of the use of credit can be encouraged.

Under conditions of substantial unemployment, monetary and credit policies can be directed toward removing any pressures toward further contraction and can help to establish a favorable climate for recovery, but they can do little to create the impetus necessary for increased employment. The Federal Reserve System can, however, contribute in various ways to a program for achieving full employment and for

maintaining employment once achieved. For example, under authority provided in Section 13b of the Federal Reserve Act, particularly if amended as proposed in the Wagner-Spence Bill now being considered by Congress, the System could help to provide medium-term credit to business enterprises whose financial needs represent degrees of credit risk that commercial banks are usually unable to accept. As one of the agencies of bank supervision, the System may also adopt standards for bank examination that will reflect longer run appraisals of bank assets rather than fluctuating market values and thus remove a restrictive force over operations of those banks that come under its supervision. Because of the division of bank supervision among various agencies, however, the System's powers in this respect are limited. While the Federal Reserve System cannot create the demand for funds or the expansion of markets necessary for general business expansion and high employment, it can help to minimize financial and credit obstacles to the expansion of business activity and the attainment of full employment.

During the past decade and more strikingly during the war period, an increasingly important aspect of banking has been the growth of the public debt and the expanding proportion of Government securities in the total of bank assets. In the management of the public debt -- the flotation of new issues, the refunding of maturing ones, the establishment and maintenance of interest rates, the maintenance of a proper degree of stability in the market -- the Federal Reserve System has had an important role. The Board of Governors, the Federal Open Market Committee, and the Federal Reserve Bank officials have cooperated with and counseled the Treasury in these matters; they have purchased large amounts of securities in order to supply member banks with reserves needed to obtain currency and purchase securities for their own accounts; and they have operated directly and continuously to stabilize the market for Government securities. With the large debt outstanding and the large amounts held by banks, the problems of debt management will continue to have an important bearing upon economic developments in the postwar period. The monetary aspects of these problems, which fall within the special province of the Federal Reserve System, will be increasingly significant.

3. In the present planning of your agency's post-war activities, what assumptions, if any, have you made with regard to the post-war level of the gross national product, the national income, and employment?

The Board of Governors has made no official assumptions with regard to the postwar level of gross national product, national income, and employment. The Board's view is that it must be prepared for any possible patterns of development in the transition period. The future is still too uncertain to rely upon any single analysis. Much depends upon changes in the military situation and on governmental policies

and programs yet to be adopted as well as upon the decisions of businesses and individuals in a situation for which there is no precedent.

In order to have some idea of the possible magnitude and nature of postwar problems, members of the research staff of the Board have prepared and are in the process of revising various tentative models on the basis of certain basic assumptions regarding levels of demand, employment, and prices. These models include projected figures for the next few years for national product, national income, employment, unemployment, Government receipts and expenditures, private capital expenditures, and consumption. Most of these estimates are being worked out in cooperation with other Government agencies. Our figures also cover estimates for the distribution of the public debt by groups of owners, for various other elements of business and individual finance, including holdings of bank deposits and currency, and for the principal bank assets and liabilities. These figures are not intended to be forecasts but are compiled for the purpose of indicating the types of developments in various parts of the economy that will be mutually consistent on the basis of the stated assumptions.

When these computations are completed, the results may be made available to your committee, if you wish. The Board wishes to emphasize, however, that neither the stated assumptions nor the results should be considered as an indication of the Board's views as to what will happen or should happen.

4. What specific improvements in S. 380 might be considered by the Banking and Currency Committee?

While the Board is in sympathy with the objectives and general approach of S. 380, it has some reservations about the Bill as now stated. The more important of these are as follows:

(a) The Bill sets forth a particular set of statistical measurements which are to be used as rather precise indicators of the policies to be adopted. While statistics of this nature are essential as background information, the Board believes that the establishment of such precise guides by legislation may prove to be undesirable. Changing conditions might completely change the types of basic information and analysis required. The President and other executive agencies and the Congress should have freedom to use such information and guides as may best suit the occasion.

There may be some question, moreover, as to the advisability of making and publishing definite official forecasts of the levels of employment and income far in advance. Such official forecasts may in themselves substantially influence the trend of events, or, in view of

the difficulties of economic analysis, the actual course of events may vary so widely from the forecasts as to discredit the whole procedure. Various possibilities should be envisioned and policies and procedures should be flexible enough to be readily adjustable to changing situations.

(b) With respect both to the specific statistics mentioned and to the policy guides set forth, the Bill places great emphasis upon "public investment", which presumably refers not only to expenditures on public works but also to various other types of governmental expenditures. Since the Bill is a full employment bill the needs and goals might be stated more effectively in terms of employment requirements than in terms of required investment. "Investment" in the sense used in the Bill has a technical economic meaning that differs from its popular usage. "Employment", difficult as it is to measure accurately, is more readily understood by all groups.

The emphasis on public investment and also other aspects of the Bill carry an implication that, if private enterprise and State and local expenditures are expected to be insufficient for full employment, the Federal Government will add another layer of expenditures to bring total expenditures up to the required level. The Federal Government should have the residual responsibility to maintain total expenditures and employment when other expenditures and measures are inadequate, but it is the Board's view that the Bill might be more effective if less stress were placed on this residual power and greater emphasis were placed on the mutual interrelationships of all sectors of the economy and on the responsibility of all groups to work out desirable long-range and counter-cyclical programs in many fields. This change in emphasis should be directed toward maximizing the role of private activity and minimizing the use of the Federal Government's residual power to undertake large expenditures.

(c) It is not clear from the present wording of the Bill as to how the powers and responsibilities of the President in preparing and presenting the proposed program and recommendations affect the existing statutory duties of various Government departments and agencies. To what extent would these agencies be responsible for determining the program or be limited in their future policies by the program? These questions apply particularly to those policies not involving expenditure of appropriated funds, taxation, and other actions currently established by legislation. Changes in the Bill are needed to clarify the lines of authority and responsibilities and duties of various Government officials and agencies in carrying out its purposes.

The Board wishes to express its appreciation for this opportunity to present its views. If the Board can be of any assistance to the Committee, it would welcome an opportunity to be of service.

Very truly yours,

M. S. Eccles,
Chairman.