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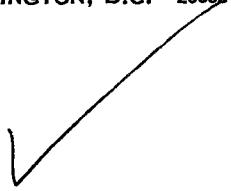
EXECUTIVE

(3)

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

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OFFICE OF
THE DIRECTOR



October 4, 1965

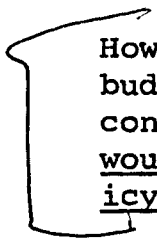
MEMORANDUM FOR THE PRESIDENT

Subject: Monetary policy and the budget

When Federal Reserve staff members prepare their economic forecasts for the Board of Governors, one of the important elements is the budgetary outlook. Normally, and on a confidential basis, we try to keep them abreast of our thinking, in a general way.

X

However, I have instructed my staff not to discuss the budgetary outlook with the Fed. Quite apart from security considerations, I am afraid that the budgetary outlook would be used as an excuse to tighten up on monetary policy.



I have discussed this with CEA members, and will talk to Secretary Fowler about it before our Quadriad meeting. I believe it is very important that we avoid a discussion of budgetary totals at the Quadriad meeting.

X

Charles L. Schultze

Charles L. Schultze
Director

Nothing else sent to
Central Files as of 10/10/65