

MEMORANDUM OF
PERSONAL CONSULTATION WITH THE PRESIDENT

October 16, 1946

I secured an appointment with President Truman on Wednesday, October 16 from twelve o'clock to twelve-thirty. I began by saying that it seemed time for a "progress report" from the Council to him.

1. After considerable effort we had secured reasonably satisfactory quarters in the State Department Building where we could work effectively in relation to his office and to the Bureau of the Budget. He said he was "very glad."

2. Staffing had been very difficult. But on Monday morning (October 14) the Council had sat down around the conference table with seven highly qualified general economists who, amongst them, pretty well covered the major approaches to the functioning of the economy as a whole. I then recited the names and explained briefly their connections and qualifications and told him how we plan to use them with a moderate number of assistants to make contact with the various agencies doing economic work in the government and outside. He not only expressed his warm approval of these arrangements but said this setting up of the Council was a very important step, that he had to deal with such a wide range of matters and the Government was becoming so complex that the Chief Executive would simply be lost unless some such aid were provided to him. While the President was cordial and even enthusiastic as to the agency, it seemed to me that he was expecting simple answers rather than displaying a clear grasp of how the Council might be of greatest assistance to him as a group with whom he could really thresh out problems as a means of arriving at his own decision. It is notable that, well after the establishment of the Council and the swearing in of its members, he (and Mr. Steelman) took action on important wage matters in the Maritime strike and price matters in the meat de-control action without asking the Council whether these actions had any bearing on "the maintenance of employment, production, and purchasing power." In fact, this meeting with the President was only two days after his speech to the nation in connection with meat de-control, and yet the President made no reference to any expectation that the Council of Economic Advisers would in the future be expected to participate in the consideration of similar matters which touched broad economic issues.

3. I brought up again the question of the Council's first annual report and of his procedure in preparing his Economic Report to the Congress. I referred to the fact that we had been talking with Mr. Steelman and his deputy administrators in OWMR about the relation of our report to any further quarterly reports they may make and our general agreement that subject-matter which they had dealt with previously would now be covered in our report. I referred also to the fact that it had been assumed that the President this year would follow the practice of last year and consolidate his State of the Union Message with the economic analysis

and Budget statement. The second of these matters had been handled last year by the Bureau of the Budget. This year we would expect to develop such material independently and somewhat more intensively but in friendly cooperation with the Budget people so that our analysis and recommendations would be fully reflected in their budgetary figures. I referred to the fact that Mr. Connelly had informed us that the President had designated Mr. Clifford, Legal Counsel of the White House staff, Mr. Webb, Mr. Steelman and myself as a co-ordinating committee under Steelman's chairmanship to see that there was complete harmony among all three documents. The President stated that it was his preference that the State of the Union Message, his Economic Report to the Congress under the Employment Act of 1946, and the Budget Message be prepared as a three-part document and sent by him to the Congress shortly after its opening (say, January 5 or 6). He added, however, that political considerations might make it seem advisable for him to deliver his State of the Union Message to the Congress in person. The full-three-part document would be too long and heavy to be presented orally at one time and therefore if he did this he would send his Report and the Budget to the Congress as documents at the time of his personal delivery of the State of the Union Message or immediately thereafter.

I repeated what I had said at the previous conference about the necessity of our final conclusion and specific recommendations being confidential so that commentators could not discover any discrepancy between our advice and his program. I said, however, that we were continuing to work on the possibility of having the preliminary part of our report to him of such a general character that it would serve as an analytical or educational background and give the public something to get their teeth in prior to the appearance of his Message and Report. I said I was tentatively considering this report under three heads as follows:

1. The political philosophy of the Act
2. The economic philosophy of sustained employment
3. Some aspects of the outlook for production and jobs.

The President expressed himself as entirely satisfied with such an outline, and I told him that as each portion was drafted, it would be submitted to him so that he could see how the document was developing and make any suggestions he cared to.

In connection with my report as to contacts that we had established with agencies outside the Government, I informed him of an invitation I had received from the N.A.M. to address one of the luncheon sessions at their annual meeting and Congress of American Industry in early December. I read him the following portion of the letter from Mr. Weisenberger, vice-president of the National Association of Manufactures:

.....It certainly would be of tremendous value to American management to receive such an authentic and authoritative first-hand picture of the objectives and functioning of the Council. Both management and the Council stand to gain by the cleaning up of any misunderstandings arising from hearsay reports or rumors about your organization.

Particularly, it would seem to me that you would want to underscore management's own responsibility in the matter because this is the greatest and most representative audience of industrial management in action.

He expressed the view that this was a valuable opportunity to present the work of the Council to a large and influential business group and approved my accepting the invitation. This will be the first public statement by the Council of its interpretation of the Act and steps which it is taking to carry it out. I emphasized to him that I would limit my remarks to this subject-matter and not include any comments on the current business situation or prospective government policy.

(Text follows)