

MEMORANDUM OF  
PERSONAL CONSULTATION WITH THE PRESIDENT

January 14, 1947

On January 14, I had an appointment with the President for the purpose of beginning to clarify our Council operations during the coming year. He expressed appreciation of the Council's work in connection with the Economic Report and referred to his telephone call to me the morning it was submitted to the Congress. Nothing was said about the fact that, in spite of our desire--indicated on several occasions--to discuss with him the materials which we had submitted, the Council had not talked with him at any time since December 16, when the first draft of material was submitted.

I myself had seen him on only once occasion since then. That was when a late draft of the State of the Union Message was being read (Mr. Clifford, Judge Rosenman, Charles Ross, Steelman, and I present). At that meeting I had been asked to check those parts of the State of the Union Message which related to economic matters. I had made some suggestions for minor changes but said that in general it accorded with the Council's thinking. To this Clifford rejoined: "It should, since it was largely taken from that source."

As I left this meeting, I expressed to the President the hope of the Council that on the following day, Friday, January 17, we might discuss with him the third draft of the material for use in

drawing his Economic Report. No such conference was arranged, but on that afternoon, the Council was called by Mr. Steelman to meet in the West Wing with his assistants, [Harold Stein, Don Kingsley, and Anthony Hyde,] and with Secretaries Snyder, Harriman, and Schwellenbach to consider a plan for the <sup>official</sup> draft of the President's Economic Report. Prior to this [we had seen (and they had discussed with Steelman) <sup>the</sup> a much shortened draft for an Economic Report that had been prepared <sup>in Steins office</sup> by Stein, Kingsley, and Hyde on the basis of our first draft of materials. I had expressed to Steelman the feeling of all three members of the Council that this shortening, rearrangement, and re-writing made it a much less satisfactory document.] It appeared, however, that on this Friday morning the President had discussed the matter with several members of his Cabinet and that, through their assistants, Ewan Clague of B.L.S., C. C. O'Connell of the Treasury, and Philip Hauser of Commerce, they were to work with Steelman and his assistants in preparing the Economic Report.

Incidentally, the Secretaries, particularly Harriman and Snyder, voiced a feeling, at this afternoon conference with Steelman, that they had not been sufficiently consulted by the Council before we submitted our materials to the President. This was understandable as far as Harriman was concerned, since he had taken his position very recently and both he and we had been very busy during the latter stages of preparation of our materials. I had, however, written him expressing our desire to confer with him and keep in touch with his Department on policy matters, but he had sent back a rather brief and

formal reply and had never made any move toward conference with us.

Steelman and his three assistants and the three assistants of the ~~the~~ Secretaries adjourned at about 4:00 p. m. to work on the Report and completed that evening a draft which went to the Government Printing Office that night and was submitted for our consideration in galley proof the next morning. It was largely the draft prepared by Steelman's assistants, with which we had expressed dissatisfaction, plus a few additions from our third draft of materials.

The Council and staff worked diligently on this draft all that morning and early afternoon, preparing recommendations for revision and particularly proposing the restoration of important things which had been excluded. On Saturday afternoon, at three o'clock the Council met with Steelman, his three assistants, and Philip Hauser <sup>from Commerce</sup> and worked until after 7:00 p. m. preparing a final revision of the White House draft of the President's Report to go to the printer that night for paging.

Add to memorandum of January 14:  
2/11/47

In this interview of January 14, therefore, I told the President that we were much gratified at the favorable reception that editorial writers and radio commentators had given to his Report of January 8 and that we were now concerned with the problem of organizing the Council's work so as best to serve him through the year 1947 and in connection with his Second Economic Report at the beginning of 1948. An immediate question seemed to be whether the Joint Committee of Congress would expect to have active relations with the Council and what our response should be if they sought to draw us into discussion

of the Economic Report. I pointed out that the other members of the Council were inclined to welcome a rather active relationship, whereas I was somewhat apprehensive as to the possibility that the Committee might seek to draw us out into discussion of policy positions taken by the President in his Report, some of which might not be precisely in line with the views of the Council. Little possibility of divergence seemed to be evident in this year's Report, but I suggested that we should establish a practice from the beginning which could be followed consistently and with safety in subsequent years when, conceivably, there might be considerable divergence between the Council's recommendations and the President's policy statement to the Congress.

The President immediately agreed that we should protect ourselves against such a situation while at the same time not remaining aloof from the work of the Committee. The formula which seemed to meet his approval was that we should be co-operative in "elucidating" for the committee any points of fact (or, with care) of interpretation relative to the President's Economic Report, but that issues of policy were to be left alone and that we should not be drawn into discussion of them. The President thought that it might be well, since it was now known that Senator Taft was to be chairman of the committee, if I called <sup>or his office</sup> ~~him up~~ for an informal discussion of relations. He felt sure that the general principles outlined above would be acceptable to Taft and the rest of the Committee.

Following this suggestion, I called Senator Taft's office for an appointment, which his secretary assured me would be arranged. That was the last I heard of it.

Taft was reported in the papers as naxious to postpone the report from the set date of February 1 to May 1 or even July 1 and observed that there "was nothing in the Report in the nature of an economic program requiring much action by the Committee." Senator Flanders was disappointed in this attitude, and O'Mahoney even threatened to bring out a minority report. In the end, however, they got together on a brief statement, a copy of which is attached hereto. Senator Murray made no comment on this outcome, but Senator Taylor issued a vigorous statement, copy of which is attached.

I also mentioned to the President that I had gone in some detail into my interpretation of the Council's role in a paper "Economics in the Public Service" presented at the meeting of the American Economic Association on January 27, calling his attention particularly to the passage on page 25: "When we have brought this sort of material [objective economic analysis] to the President's desk, we shall have discharged our responsibilities under the act as I conceive it." Under date February 13, I received a note from the President, stating he had read the address with <sup>"a lot of"</sup> interest and considered my statements "perfectly sound." (Letter attached.)