

MEMORANDUM OF
PERSONAL CONSULTATION WITH THE PRESIDENT

February 12, 1947

On February 12, I had an interview with the President which I opened by inquiring as to how he felt about the committee action on his Economic Report. He said it was "wholly innocuous," that he had urged O'Mahoney to take more vigorous action against that procedure (although he did not say he had endorsed the idea of a minority report). He referred disparagingly to O'Mahoney's having got "one or two sentences into the report" and referred with great approval to Taylor's protest statement. (I attach hereto a statement the President sent me on February 1 covering his conversation with O'Mahoney.)

I then told the President how we were getting organized for a full year of work focused on the December 1947 and January 1948 reports and raising the possibility that the times might be more disturbed than the occasion of our first outgivings. We might be in some sort of recession period where we should have to be very sure of our ground as to whether recessionary forces might be in danger of getting out of hand and developing into a real depression.

The President indicated that he was actively concerned about one or two matters, particularly the possibility of dangerous developments in the real estate and housing area. He was pleased when I said that we were focusing our work program on identifying these or other danger

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spots and preparing special memoranda for him as occasion arose. He said he would be glad to receive them or to talk with us at any time when we were prepared to bring such matters to his attention. He mentioned also the possibility of security prices showing a dangerous rise in response to the present earnings situation.

I took this occasion to set forth my views as to the Council Report as being of a background character designed primarily for public education. I said that as I saw it there was the prospect that under this Act the Council might within the next few years be called upon to recommend somewhat vigorous action to check unsound boom developments and should certainly be prepared thereafter to propose perhaps even more aggressive measures to prevent or to check a depression if it should appear to be developing.

As I saw it, our First Report had given the general background of economic principle which we thought was enunciated in the Act and which we expected to put in practice through Council work. I thought that from this beginning we should proceed with other brief pamphlets, taking up specific phases of this general philosophy of stabilized prosperity, each one being dealt with briefly, not to exceed 25 pages. I suggested that if we were to develop this additional program adequately, so as to have a proper atmosphere in which his recommendations and program were to be launched, two or three years from now, it might be desirable to have a mid-year report of the Council and not merely the Annual Reports made mandatory by the Act. The

attached

President said that he agreed absolutely with this view and would be glad to have us proceed along this line and inform him as to the topic chosen and show him the draft of treatment at such times as we saw fit.

This interview was very satisfactory. The President seemed thoroughly pleased with what had been accomplished in our first reports and said: "We want to work right ahead along these same lines." He seemed to indicate also a great willingness to discuss with us at any time any matter which we wished to bring to his attention and was ready to toss off suggestions in the course of an interview but did not suggest or apparently contemplate turning to the Council for advice on matters of taxation, budget, or other subjects on which he is to take policy and action positions right along. For example, he expressed great interest in the matter of resource development and conservation and said: "I am not going to rest until I get a real program of development of Alaska under way."

PD Feb 12, 47