

Final draft
Probably Nov 11
November 1948

Dear Mr. President:

I know that you have been communing with yourself these days as to the enormous opportunity and the terrific responsibilities of national and world leadership that have been laid on your shoulders as the outcome of the recent election. I think you know that ~~is not~~ ~~is not~~ all of us who are ~~heads of agency~~ agency heads in this great national establishment are giving our best thought to the question of how we can most fully serve you in our respective corners, ~~toward the accomplishment of these great purposes.~~

It is important not merely that every horse in this "big horse team" be strong and ready to throw himself into the collar, but also that there be a properly constructed harness so that his pull may be effectively added to that of others in moving the load forward. This desirable condition does not exist in so far as the Council of Economic Advisers is concerned, ~~and~~ ^{with} I feel that certain issues ^{are} will have to be faced and appropriate adjustments made with reasonable promptness, ~~it will be impossible for me to continue in my present post because I shall not feel that it is possible to accomplish results at all proportionate to the labor and strain that are involved.~~ *we shall not be able to come to you for quality of service that we should*

During this first two years and a half, I have labored hard to lay a solid foundation for this agency as a permanent feature of the Executive Office, to establish effective relations inside and outside of Government, and to get ^{systematic} ~~fundamental~~ studies under way on fundamental problems ^{which} ~~assigned~~ ^{emerge from} ~~under~~ the declaration of policy of the Employment ACT of 1946. I think

2/11/47

that upon this foundation, we shall be able increasingly to bring the product of the best thinking of professional economists ^{and of} experienced business and labor leaders to your desk, where final policy and actual decisions must be made. All this preparation, however, is relatively useless unless we have the opportunity to be heard before commitments are actually made.

I have talked some of these matters over with Mr. Steelman in the past and he has shown a lively understanding of the difficulties and possibilities, and I think he will give wise counsel as to how they will ~~not~~ eventually have to be met. I shall hope to talk to him at some ^{of the time when he is in the city} length and to you yourself in so far as your crowded schedule permits.

Your decision as to the role you wish the Council to play in future and the way in which it can most helpfully serve you ^{is} ~~will be~~ interrelated with the question of its chairmanship. I have indicated clearly in the past that I am suited to my present position only if it is intended to make the Council a strictly professional agency and to give it a really effective position as a channel for "economics in the public service." If it is in any way to be assigned a political role or to be allowed to stray over into political activities or lay itself open to political influences, you would want an entirely different kind of chairman, and I would want to be relieved of the position at once.

I hope that you are having a wonderful rest and building up a big stockpile of strength for the ^{and some more} trials ahead.

Sincerely yours,

November 12, 1948

Second draft
Never put in final form or sent

Dear Mr. President:

I know that you have been communing with yourself these days as to the enormous opportunity and the terrific responsibilities of national and world leadership that have been laid on your shoulders as the outcome of the recent election. I think you know that all of us who are agency heads in this great national establishment are giving our best thought to the question of how we can most fully serve you in our respective corners.

It is important not merely that every horse in this "big horse team" be strong and ready to throw itself into the collar, but also that there be a properly constructed harness so that his pull may be effectively added to that of others in moving the load forward.

~~The~~ As chairman of the Council of Economic Advisers, I am especially desirous that this agency play its ~~role~~ ^{part} toward the accomplishment of this desirable condition. I have labored hard in the past two and a half years to lay a solid foundation for ~~this establishment~~ ^{the Council} as a permanent feature of the Executive Office, to establish effective relations inside and outside of Government, and to get ~~fundamental~~ ^{systematic} studies under way on ~~fundamental~~ ^{basic} problems ~~assigned the Council~~ ^{that emerge from} under the declaration of policy of the Employment Act of 1946. Upon this foundation it should be increasingly possible to bring the product of the best thinking of professional economists, ^{and of} experienced business and labor leaders to your desk. All this preparation, however, will be relatively useless unless the Council has ~~greater~~ opportunity ~~in future~~ ^{are determined} to be heard before final ^{for action} policies and ~~actual~~ decisions are made. Certain issues will have to be faced and appropriate adjustments made with reasonable promptness.

Your decision as to the role you wish the Council to play in future and the way in which it can most helpfully serve you will be interrelated with the question of its chairmanship. I have indicated clearly in the past that I am suited to my present position only if it is intended to make the Council a strictly professional agency and to give it a really effective position as a channel for "economics in the public service." If it is in any way to be assigned a political role or to be allowed to stray over into ~~the~~ political activities or lay itself open to political influences, you would want an entirely different kind of chairman, and I would want to be relieved of the position at once, because I feel that it would be impossible to accomplish results proportionate to the labor and strain involved.

I have talked some of these matters over with Dr. Steelman in the past and he has shown a lively understanding of the difficulties and possibilities. He would give you wise counsel as to how they will eventually have to be met. I shall hope to talk to him at some length and to you yourself in so far as your crowded schedule permits.

I hope you are having a wonderful rest and building up a big stockpile of strength for the trials ahead.

Sincerely yours

85 -

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON 25, D. C.

EDWIN G. NOURSE, CHAIRMAN
LEON H. KEYSERLING, VICE CHAIRMAN
JOHN D. CLARK

December 14, 1948

Dear Mr. President:

I have reason to believe that you have been told that for some weeks or months prior to November 2, I devoted a major part of my time and effort to "saving my skin" in the event that there were a change in Administration. This is absolutely untrue.

I have been deeply concerned that the Council of Economic Advisers should become established on a high professional plane, with its members not subject to the vicissitudes of politics but retained or replaced solely on the grounds of their qualifications as objective economists.

In the nature of the case, various people interested in the work of the Council asked me what would be my attitude in the event of a change of Administration. I always replied that I hoped replacements would be made solely with a view to strengthening the ability of the Council to serve the President as contemplated in the Employment Act, and that there should not be a merely political housecleaning. I said that if there were a new President, and he wished me to remain for a time in order to give a new chairman or members the benefit of our initial two and a half years experience, or because he thought my competence and standing were as good as those of other persons who might be available, I should be glad to remain and serve to the best of my ability for a reasonable time. In view of my age and the hard work and tensions involved in the job, it was--and still is--my hope that I can be relieved at a not too distant date.

On only two occasions, to the best of my recollection, did I myself make any move to make my views known to persons who might be consulted as to how the Council of Economic Advisers should be dealt with in the event of a change of Administration.

In view of this and other considerations, I think it appropriate at this time to hand you my formal resignation. Of course, I am not backing away from any duties or responsibilities in connection with your forthcoming Economic Report or the coordination of anti-inflation policy among the several agency heads in the Executive Branch. However, I hope you will regard this resignation as being on your desk any morning after these immediate responsibilities have been fulfilled to the best of my ability and that you will pick it up and inform me of your acceptance on the first day when you feel that the service of this agency to you would be bettered by such a change in personnel.

Sincerely yours,


Chairman

The President
The White House

August 23, 1950

The paragraph "Post Elections" on page 4 of my memorandum of November 27, 1948 was incomplete in that it did not indicate that I realized at once that the outcome of the November election meant that "the jig was up" so far as there being any possibility of my achieving in the Council such results as would make it profitable or even possible for me to remain as chairman. I attach the preliminary and revised draft of a letter to the President which I prepared almost immediately after the election. I, however, dropped the matter at that point and nothing was sent to him or said to him on the subject at that time.

While I was still ponder^{ing} what course I should take, Budget Director Webb incidentally in a conversation about the Cabinet ^{Co}ordinating Committee on anti-inflation policy (which he said grew out of a suggestion made by him) mentioned that the President was being told diligently by certain parties that I had been flirting with influential Republicans in the hope of being continued as Chairman or at least member of the Council of Economic Advisers if Mr. Dewey had been elected. This information caused me definitely to abandon the November 12 draft of my proposed letter to the President and to substitute a letter of resignation linked to this rumor and my concept of the Council as a non-partisan agency. This resignation was dated December 14 (copy follows).