

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

February 2, 1950

MEMORANDUM

To: The President

From: The Council of Economic Advisers

Subject: Analysis of proposal that "Treasury actions relative to ...transactions in the public debt shall be made consistent with the policies of the Federal Reserve," contained in Report of Subcommittee on Monetary, Credit and Fiscal Policies (Senator Douglas, Chairman) of the Joint Committee on the Economic Report, issued on January 23, 1950 as Senate Document No. 129.

While the Report of the Subcommittee on Monetary, Credit and Fiscal Policies deals with a variety of matters, the larger part of the Report is devoted to a general discussion which reaches a climax in the proposal that "Treasury actions relative to ...transactions in the public debt shall be made consistent with the policies of the Federal Reserve," and that a Joint Resolution be adopted declaring that this is the will of Congress.

The Council of Economic Advisers dissents vigorously from this proposal. We set forth below the reasons for this dissent, as transmitted to the Subcommittee in response to its request.