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THE PRESIDENT'S ECONOMIC STAFF DURING THE TRUMAN ADMINISTRATION

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When the Council of Economic Advisers opened its doors in late 1946, many regarded the fledgling agency as a contingent of depression doctors armed with a "watered down" version of the Full Employment Bill. Instead, during the Truman era, the Council became, in the words of its second chairman, "an overall general economic advisory staff"¹ generally concerned with major problems affecting the growth and stability of the American economy, including its adaptability to the special demands of international stress. Actually the "transition" of the agency to this broader role was more apparent than real, since the Employment Act itself clearly contained a charter for a general economic staff function if the new staff and its principal chose development in that direction. In the wartime deliberations which led up to the Act, the Congress was concerned not only to prevent a postwar depression but also to improve the integration of the whole economic policy formation process.² And, in the final version of the Act, after making a very general policy declaration,³ the Congress decided, instead of drafting specific substantive solutions which would prejudice

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¹ Testimony of Leon H. Keyserling in the Senate Appropriations Subcommittee *Hearings on the Independent Offices Appropriation Bill for 1952*, 82nd Cong., 1st sess., p. 90.

² The immediate legislative ancestors of the Employment Act included a number of statutes (the most important of which was the one setting up the Office of War Mobilization and Reconversion) dealing with the problem of coordinating the diverse economic activities of the federal government. This concern persisted during the consideration of the Employment Act and helps to account for the use of the term "coordinate" in the Act's declaration of policy. In earlier versions of the Bill, moreover, specific mention was made of the objective of preventing inflation as well as depressions. While in the final version specific mention of the anti-inflation objective was eliminated, the language of the statute still assigns to the Council the responsibility of recommending policies "to avoid economic fluctuations or to diminish the effects thereof. . . ."

³ *Public Law 304*, 79th Cong., Sec. 2: "The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."

the source and nature of future economic problems, to establish procedural machinery to facilitate the intelligent diagnosis and solution of such problems when they did subsequently arise.⁴

The Council of Economic Advisers was part of that machinery. In assisting and advising the President in the preparation of his Economic Reports to Congress, and in otherwise advising him, the Council was not only to gather "timely and authoritative information" on current economic trends and analyze "fore-seeable" developments; it was also to project target levels of national employment, production, and purchasing power. It was to review the current programs of the federal government and to make specific policy recommendations for administrative and legislative action.⁵ Thus the new staff's general mission was spelled out. But, except for the very broad stipulation that it relate to the economy's general levels of production, employment, and purchasing power, its subject-matter scope was left flexible.

In the later years of the Truman Administration the extent of that flexibility was increasingly evident. In the first months after the Korean outbreak, the Council performed an expanding role in the defense program, participating in an advisory capacity in the work of the National Security Council,⁶ taking a considerable hand in the initial formulation of mobilization—and particularly stabilization—policies, and maintaining a close working contact with the Defense Production Act agencies⁷ during the earlier stages of their work. It is noteworthy that this considerable subject-matter shift was accomplished without

⁴ For emphasis on the policy-coordinating purpose of the Employment Act machinery and on the primarily procedural character of the Act's prescriptions, see President Truman's final Economic Report (Jan., 1953).

⁵ Secs. 3(a) and 4(c) of the Act.

⁶ This work had been started, at the President's direction, in April, 1950 shortly before the start of the Korean action.

⁷ In its extensive work with the defense agencies, both at Council and staff levels, the Council followed the directive of Sec. 803 of Executive Order 10161 (Sept. 9, 1950) implementing the Defense Production Act of 1950: "The Council of Economic Advisers shall adapt its continuing studies of employment, production and purchasing power needs and objectives so as to furnish guides to the agencies under this Executive Order in promoting balance between defense and civilian needs and in avoiding inflation in a stable and growing economy. In the performance of this function, the Council shall obtain necessary information from the agencies concerned and engage in regular consultation with them."

In the Senate Appropriation hearings for the fiscal year 1952, Mr. Keyserling illustrated the Council's relations with the defense agencies this way:

"First, take Mr. Wilson's organization. Very shortly after he came down I had a talk with him. It was manifest that, with the wide range of responsibilities that he has got, he would need economic servicing. I said to him, 'What is the need of you having an economic staff when you work for the President and the Council is a general economic staff servicing the President? Can't we help you?'"

"And he said 'Yes.' Two things followed from that. I was put on his executive committee where he meets with his top executive mobilization officials, and time and again he has turned to us for the performance of general economic functions in connection with his work." *Hearings* (cited in note 1), pp. 90-91. The reference is to Mr. C. E. Wilson, Defense Mobilizer from December, 1950 to April, 1951.

any sudden dislocation of the agency's work programs or any "defense expansion" of its staff. By the end, roughly, of the first year after Korea the partial mobilization program was thoroughly institutionalized, and the Council's participation in and influence upon it had declined. By the end of another year it was devoting the bulk of its energies to looking beyond the build-up phase of the program toward the period of economic readjustment which would follow. In its July, 1952 and January, 1953 Economic Reviews it was, as it should have been, the first government agency to give sustained public attention to these "transition" problems.

The end of the Truman phase of the Council's life is a good time for a fresh look at the Council in political-administrative terms. While the present pages suffer from the nearsightedness of an inside vantage point, it is hoped that they may at least contribute raw material for the reappraisal which is needed.

I. THE SCOPE AND CHARACTER OF THE ECONOMIC STAFF FUNCTION

The President, the Council, and the Profession. The Council of Economic Advisers was explicitly constituted as a staff arm to the President. There is no basis for confusion about its reporting responsibility or for the lingering impression that it was supposed somehow to stand "half way between" the President and the Congress.⁸ The persistence of the idea that the Council should be an "economic Supreme Court" for the most part reflects concern over possible conflict between the Council's reporting or staff responsibilities and its responsibilities to its own professional standards of economic analysis. In a sense there is nothing new about this problem of professional integrity. Any professional person in any kind of salaried employment faces it to some degree. However, there are factors which have legitimately highlighted the issue in the case of the Council. The Employment Act marked the first instance where a particular species of knowledge and ability had been given separate agency status within the President's staff.⁹ And more important, economics is a profession in which the boundaries of expertise are not, and probably never will be, clearly drawn. The argument that the Council is likely to soil "economic science" with "politics" often is simply a rationalization for those who dislike the policies of the Administration of which the Council is a part. But the professional integrity question has been seriously raised also by members of the economics profession,

⁸ The legislative committees which framed the Act specifically rejected proposals for a joint legislative-executive commission and for something on the model of the independent regulatory commission, reasoning that the new Act should make the constitutional division of powers work more smoothly, not blur it. It should be noted, however, that, as discussed below, there *are* important questions concerning the relations of the Council as a staff arm of the President with Congress.

⁹ Contrary to the impressions of some, the statute itself does not require that members of the Council be professional economists in the strict sense of the term. The qualifications are that "as a result of . . . training, experience, and attainments," they be "exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the government . . . and to formulate and recommend national economic policy. . . ."

and it obviously was in the minds of some members of Congress when a three-man Council was established rather than a single-headed agency. There must, therefore, be a relatively congenial marriage between the Council's professional responsibilities and its reporting—or, as the idea sometimes gets translated, its political—responsibilities to the President, if the agency is to perform a coherent staff function.

The Council can never afford to lose sight of its responsibility—not only to professional standards *but also to the President*—for competence and integrity in its collection, organization, and interpretation of factual data. There is little use in a staff assistant who tries to make the facts tell the story that he thinks the boss wants to hear. The Council's legislatively prescribed duties, however, carry it beyond the limits of "economic science." Besides doing factual analysis, it must also appraise the desirability of current public programs and recommend new ones, and here "science" must be coupled with normative judgments. If the policy advice which the Council turns out is to constitute useful presidential staff work, the weights which it places on various values obviously must be in general accord with those assigned by the Administration of which it is a part.

Furthermore, even within a given framework of values and objectives, scientific analysis seldom narrows alternative policy courses down to as specific a content as that which the Council often must give to its advice. From a professional viewpoint, then, there is almost always plenty of room for small differences over policy decisions. In the case of wide and important differences stemming from fundamental disagreements over values, or from what the Council sees as outright presidential refusal to accept its basic economic analysis, it seems to us that the course for a staff officer is perfectly clear. His services are no longer useful and his position is untenable. He should resign.

The antiseptic view of the Council which would have it stand wholly aloof from "political" questions overlooks the Council's legal responsibility for policy recommendations, which are inevitably tied up with social values and current strategies. It also ignores the basic duty of any presidential adviser not to let himself get completely confined to the half-world of his specialty. The latter point is amplified in the discussion below.

The Council's Specialization within the Executive Office. Under President Truman's executive organization, the Council had to be careful, as a small agency,¹⁰ to avoid spreading itself too thin. Its size and the level of its position within the executive hierarchy required an effort to sort out the more general or strategic problems from the array into which it might dip. Moreover, limits to its scope of attention were needed to avoid excessive overlap with the other presidential advisers. But such limits could not be allowed to interfere with the Council's readiness as a professional staff to service the President in any respect he felt appropriate. And they could not interfere with the basic respon-

¹⁰ The Employment Act provides a \$345,000 annual appropriations ceiling for Council personnel, including the three Council members. Appropriations, moreover, never have reached this ceiling and on several occasions have fallen substantially short of it.

sibility of any policy-concerned segment of the President's office for bringing to all of its work some measure of presidential thinking. In the following paragraphs is set forth our understanding of the Council's scope of attention as it became more or less established within the agency before the end of the Truman regime. It should be emphasized that this is a highly interpretative statement, that in attempting precision it risks becoming too exact, and that it is no more than a personal evaluation.

It is useful to distinguish between the work the agency did on assignment and what it undertook on its own initiative. On the assignment side, the rule was simple. The Council of Economic Advisers served as the President's personal economic consultant. In this capacity, the scope of the Council's interest was whatever projects the President might assign to it because he felt pending decisions would be benefited by professional economic analysis or opinion.¹¹ Similarly, the Council accepted work which, at the President's request or with his consent, other officials of the government referred to his economic staff.¹²

The rule on the scope of the Council's initiative cannot be meaningfully stated simply in terms of the *label* "economic," but it can be cast in terms of specific policy *objectives*. In participating in the policy formation process at the presidential level, the Council took the initiative in advancing, and recognized its responsibility for helping to specify and reformulate, two objectives—those of overall economic stability and of overall economic growth.¹³ In the case of other objectives, it accepted the formulations made by those in the Administration primarily concerned with them.

The agency was, of course, vitally concerned with these other objectives and with the programs undertaken in their support insofar as they affected the even expansion of the economy. Among other objectives commonly called "economic," for example, those having to do with income distribution and with the maintenance of our institutional framework have an intimate bearing on growth and stability prospects. This is equally true of many "non-economic" objectives. Under the post-Korean defense program, for instance, a rapid expansion of industrial capacity has supported the need for, and eased the burden of, defense production. On the other hand, our needs for rearming had to be reconciled with the necessity of maintaining reasonable economic stability.

Thus the Council felt that it could not, without some inspection, disregard

¹¹ Under this heading, for example, would fall the technical work for the National Security Council noted above.

¹² For instance, at the request of the State Department or ECA, it frequently assisted in the preparation of U.S. presentations to the UN, NATO, and OEEC and, during the post-Korean period, it undertook various assignments for ODM and ESA. Cf. note 8, above.

¹³ The concern of the Council with optimum economic growth as well as with stability appeared first in the discussion of "long-range program" in the President's first Annual Economic Report (pp. 34 ff.) and in the Council's December, 1947 Annual Report, which focused on the Employment Act's "maximum production" objective. The need for rapid and sustained growth became a dominant theme in the December and January reports bracketing the beginning of 1949, and was consistently emphasized thereafter.

any of the panorama of policy programs spread out at the presidential level. But insofar as it itself acted as a party-in-interest in the policy formation process, it did so in behalf of the growth and stability objectives.

In application, this ground rule with respect to initiative was subject to three significant qualifications, all of which derived from the Council's organizational position within the executive branch. In the first place, the agency of necessity usually had to confine itself to the higher-level and more general decisions, whether these involved pending and possible legislative determinations, or, as was the case to a great extent under the Defense Production Act, major policy problems which arose within the administrative authority of the President.

In the second place, the Council was quicker to concern itself actively with problems bearing upon the stability and growth objectives when they cut across the lines of established executive branch organization.

In the third place, in practicing its policy on initiative, the Council tried more or less consciously to avoid the danger of overly narrow professional specialization within the Executive Office. Some—particularly certain political scientists—have felt that the Council brings undiluted professional economics altogether too close to the President. There is no assurance, they say, that the preoccupations of his economic advisers will adequately reflect the political, diplomatic, and social objectives of the Administration. One answer to this anxiety is that the "narrowness" of economics varies with the economist. Another is that this objection to the Council scarcely gives due recognition to the present intricacy of the economy or to the pervasiveness of the government's economic role. A third answer is that the argument implies too simple and limited a concept of the presidency; it does not give sufficient weight to the variety of specialists and specialized agencies which compose the remainder of the Executive Office.

None of these answers, however, turns aside the substance of the point, which is the basic responsibility of any presidential staff unit—whatever its principle of specialization—for doing what we have called "presidential thinking." Its recommendations to the President must take more account of objectives and values outside its immediate focus of specialized interest than would be appropriate in recommendations originating in the regular operating agencies. All of the work of synthesizing competing and conflicting objectives cannot be loaded onto the White House itself. Subject to White House review, the other Executive Office agencies, including the Council, must share some of this responsibility. In particular, each of the latter needs to strive for the greatest possible teamwork within the Executive Office itself.

In general during the Truman years there was a substantial "interpenetration" among the institutionalized Executive Office agencies—the Budget Bureau, NSC, NSRB, the Council, and, after Korea, ODM. At both agency-head and staff levels there was extensive formal and informal interchange. The arrangement was not ideal; the need for enriching interagency relationships sometimes was obvious; and the desirability of structural reorganization was a subject of recurring speculation. Without intending to dispute the possi-

bility of structural improvement, we would, first, suggest that coordinating the Executive Office coordinators will continue to be a problem more of esprit de corps and intangibles than of mechanical reforms, and, second, venture to say a kind word for the much-maligned "overlap" of the Executive Office agencies during the Truman period. The overlap among the Council, economic staffs in the Bureau of the Budget, and NSRB was much less extensive than is often supposed, and, in the degree to which it existed, often made for a more balanced net appraisal of a problem than if it had been analyzed exclusively within a budgetary, national security, or economic perspective.

II. THE COUNCIL'S OPERATIONS

Advising the President. The Economic Reports of the President, for which, under the Truman Administration, the Council of Economic Advisers supplied the working drafts, and the Council's own accompanying "Economic Reviews"¹⁴ have constituted, semi-annually,¹⁵ the evidence of the agency's work with which the public is most familiar. Also, the Council each month prepared "Economic Indicators,"¹⁶ a convenient summary, in graphic and tabular form, of the more pertinent statistical series on the behavior of the economy as a whole; made quarterly reports to the President containing both factual and policy sections; and (after Korea) submitted a brief factual "Weekly Summary of Economic Developments."

In addition, the agency prepared a number of special memoranda for the President, both at his request and on its own initiative; frequently participated in the drafting of the President's legislative proposals; often prepared supplementary and supporting economic material for the information of Congress as it considered such proposals; and regularly, through the medium of the Legislative Reference Division of the Budget Bureau, reviewed enrolled bills awaiting action by the President, agency reports on bills pending before Congress, and proposed executive orders.

Theoretically a staff involved in its principal's decision-making may, as it were, occupy an anteroom to his office which provides the only means of access to him for business of a particular kind. Such a staff not only communicates *with* the principal, but *for*, and often *in lieu of*, him. Conversely, a policy-advising staff can be sequestered in a cul-de-sac, having direct communication only with the principal, and never, in his behalf, with outsiders. Like most staffs, the Council stood between these two conceptual extremes. At the outset, however, its role as a *thinking center* was the one which was more glamorized. Under the Employment Act, it was not to administer any legislative programs, and it never has. Rather, a few people were to be relieved from program opera-

¹⁴ The decision to shorten the President's report and to support it with an extensive analysis and interpretation presented under the Council's own label was made at midyear, 1948.

¹⁵ Midyear Reports similar in form and content to the Annual Reports required by law were issued on the President's initiative from 1947 through 1952.

¹⁶ Published by the Joint Committee on the Economic Report.

tions so that, from the vantage of a central perspective, they might consider how all parts of the government's economic program fitted together.

But during the Truman years the Council did not become an ivory-tower operation, nor was it ever intended by the Employment Act that it should be withdrawn from the arena of current issues. The Council was required to gather data and ideas from other government agencies instead of undertaking extensive statistical fact-gathering or primary research of its own.¹⁷ Moreover, Congress in effect strongly advised that the agency make itself a channel through which important private economic groups could express their views on national economic policy questions.¹⁸ Quite as important as the notion of the Council as a thinking center, therefore, has been its role as a presidential *communications center* both within the government and between the government and the private economy.

Interchange with Other Federal Agencies. In its contact with other federal agencies, the Council always has been concerned initially with getting a systematic picture and an integrated interpretation of current economic facts. In this effort it helped during the Truman Administration to develop considerable agreement throughout the executive branch as to what the current situation in fact was, thus reducing the differences over policy which subsequently arose. The practice of preparing the Annual and Midyear Economic Reviews through a process of interagency cross-clearance in advance of presidential decisions on policy recommendations proved particularly useful in this regard.

In seeking agreement about what the facts were, the Council shared the related responsibility of evaluating the government's fact-gathering and -processing resources. If federal programs are to grow out of meaningful factual research and analysis, it is essential that statistical agencies select and process data which policy-makers need and which can be joined together. In its first years the Council, working closely with the Budget Bureau's Statistical Standards Division,¹⁹ contributed to, or helped to stimulate, several significant improvements in federal statistics.²⁰

¹⁷ Sec. 4(d)(2).

¹⁸ See Sec. 4(d)(1) of the Employment Act, dealing with advisory committees.

¹⁹ Now the Office of Statistical Standards.

²⁰ The Council was partly instrumental in the development of data showing total physical production and the publication of a "deflated gross national product" series by the Department of Commerce; early release of quarterly national income estimates; development of the "cash balance" form of federal budget presentation; presentation of more meaningful data on changes in income distribution than was previously easily available; use of "input-output" analysis for testing the feasibility and implications of various programs; and the continuing improvement of the "Nation's Economic Budget." The last provides a consolidated national account summarizing receipts and expenditures of "Consumers," "Business," "Government," and of U. S. nationals in international transactions. For a full discussion of this approach see Gerhard Colm, "Experiences in the Use of Social Accounting in the United States," *Income and Wealth, Series I*, Appendix by Mary Smelker (Cambridge, 1951), pp. 75-111. Moreover, the appendixes of the semi-annual Reviews have presented a relatively concise, yet detailed, overall statistical picture.

The core of the Council's operation under President Truman was its participation in executive policy coordination. The agency's role in this connection, effectuated by its closeness to the President, was partly informal and catalytic. Through daily, often unofficial, and usually oral contact with other agencies, members and staff were kept alerted not only to policy views firmly adopted by the heads of the operating agencies but also to many nascent in their lower echelons. Thus the Council frequently could anticipate interagency disagreements and either suggest compromises or be prepared to take sides.

No formal procedure for policy integration would accomplish much if it were not quickened by such a continuing flow of informal communications. But conversely, this informal interchange would have had little impetus or sense of direction if the Council had not been an integral part of the policy coordination machinery set up by the Employment Act. There is no more erroneous interpretation of the functioning of that machinery during the Truman Administration than the assumption that its principal moving part, the President's Economic Report, *started* in the Council, where the first draft was prepared, and, after some editing and revision in the White House, was dispatched forthwith to Congress. It would be as unrealistic to assume that a professional stage production starts with the dress rehearsal. Actually the published Reports, and the Council's Reviews which backed them up, were, in large measure, the end-products of an elaborate and laborious synthesizing process which embraced policy thinking throughout the executive branch.

The theory—and, increasingly, the practice—during the Truman Administration was that the procedure of presidential economic policy formulation carried on through the medium of the Council should parallel the process of budget preparation which is conducted through the medium of the Budget Bureau. The first drafts of the Economic Reports' policy sections, while done within the Council, were written out of close familiarity with the views of other agencies. The latter were made explicit in the replies of agency heads to calls from the President for recommendations concerning his forthcoming Economic Reports and the State of the Union Messages.²¹ Each full round of report drafts was circulated for the comments of other agencies, and the yields usually were heavy. Disagreements emerged. Some of these were threshed out in staff committee meetings with representatives of the agencies. Others were taken up by the Council members in direct negotiation with agency heads; some were carried into the Cabinet meeting devoted to each Report shortly before it was "locked up"; and a few ultimately had to be decided unilaterally by the President. It was only in cases of exceptional conflict that the Council, even in its own Reviews, included policy recommendations which did not in large measure grow out of interagency discussion.

It was precisely the Council's developing status as a key part of the formal machinery for formulating current programs that most clearly distinguished

²¹ In addition to these calls in connection with the Annual Reports, first suggested by the Council, in 1951 and 1952 more restricted calls were issued in connection with the Mid-year Economic Reports.

it, as a planning instrument, from the National Resources Planning Board.²² The extent of the agency's future usefulness depends heavily on further development and acceptance in this regard.²³

Interchange with Groups outside the Federal Government. The Truman Council members, along with those staff members more directly concerned, regularly met at least semi-annually with each of six advisory committees—those for Industry, Agriculture, and Consumers, and one each for the AF of L, the CIO, and the Railroad Brotherhoods—and in the last year of the Administration an advisory committee representing organizations of state and local government officials was inaugurated. These meetings—informal, off-the-record affairs centering around, but not constrained by, jointly prepared agenda—provided the Council with reactions to previous reports and information and with opinion on current and prospective problems. Between meetings both members and staff actively sought, as far as time allowed, to maintain an open-door policy on consultation with private group representatives.

In its contacts with private groups the Council not only listened but did some talking of its own, serving in some measure as an interpreter of the government's economic program. Its attention to this aspect of its operation was underscored by its substantive analysis, which emphasized the need for consistency between public and private economic policies if the goals of maximum stability and optimum growth were to be readily attained. The President encouraged efforts to make better general economic information available to private economic decision-makers and to urge upon them a more alert concern for the needs of the whole economy and for their own longer-range interests.

Starting in 1949, the Council experimented considerably with a program of regional economic studies. This got under way with the sponsorship of a study of "The Impact of Federal Policies on the Economy of the South," prepared by arrangement with the National Planning Association.²⁴ It was followed by similar studies of the New England²⁵ and Southwest²⁶ regions, both organized

²² For an analysis of the consequences of the latter's aloofness, see John D. Millett, *The Process and Organization of Government Planning* (New York, 1947).

²³ It might be remarked that the kind of group-thinking process just sketched—which process, of course, has been the essence of the Council's operation, internally as well as externally, and out of "report seasons" as well as during them—is displeasing to some scholars who have a nose for the unadulterated atmosphere of "pure" independent research. They find it unhappily cumbersome in its methods, insufficiently thorough in its analysis, and murky in its results. For remarks in this vein directly related to the Council, see M. Bronfenbrenner, "Postwar Political Economy; the President's Reports," *Journal of Political Economy*, Vol. 56, pp. 373–91 (Oct., 1948). Certainly the institutional mind is costly in time and effort and usually, as it turns out, involves some lost motion. And certainly it should strive for maximum clarity in its utterances. But its functioning does not bear close analogy to academic research; rather, in the context discussed here, it is one of the essential processes for organizing authoritative agreement in a polity where no one is generally credited with omniscience.

²⁴ Published through the cooperation of the Joint Committee on the Economic Report as *Economy of the South* (Washington, D. C.: Government Printing Office, 1949).

²⁵ See *The New England Economy* (Washington, D. C.: Government Printing Office, 1951).

²⁶ *The Southwest Economy* (Washington, D. C.: Government Printing Office, 1952).

directly by the Council. The New England and the Southwest committees—in each case composed of economists drawn from academic staffs and the Federal Reserve Bank of the region—were given a maximum scope and independence. Both undertook extensive research programs, sounding out the views of all major economic interest groups and the government agencies in the region.

The Council was anxious not only to sponsor similar studies in other parts of the country, but also to find a means of sustaining the contacts with regional economists and other groups which the original projects had produced. Without in any sense intending the development of an elaborate field operation, it recognized the value, to an agency preoccupied so much of the time with aggregate and global economic problems, of the eyes and ears and local perspectives which this arrangement would afford.

Relations with Congress. Probably no question involving the Council has raised as general an interest among students of government as that of its relations to Congress. This matter was a point of dissension within the original Council and was an issue in the resignation of Chairman Nourse late in 1949.

Disagreement over the Council's proper relations with the Congress has stemmed partly from the false but, as we have already noted, persisting idea that it was to behave as some kind of economic Supreme Court equidistant between the legislative and executive branches. It has stemmed partly from uneasiness about the Council's professional integrity when cast in the role, before congressional committees, of oral advocates of the President's economic policy. Essentially, however, the problem of oral advocacy is no different from that of written advocacy, already considered.

In part, objections to the Council's appearing before the congressional committees and otherwise maintaining close relations with the Congress reflect the rather more substantial argument that staff advisers close to the President should seek anonymity. There would be much to be said for this view if the Council's only intended function were in fact that of advising the President privately. Certainly this mode of operation would have its compensations for the Council members. The trouble with it is that in writing the Employment Act, Congress clearly did not intend the Council to remain anonymous. This is borne out not only by the testimony of legislators who were most active in framing the Act but also by the views of the Joint Committee on the Economic Report.²⁷ Congress' reasons for this course were substantial.

²⁷ The first airing of this issue appeared in an article by Edwin G. Nourse and Bertram M. Gross, "The Role of the Council of Economic Advisers," this REVIEW, Vol. 42, pp. 283-95 (April, 1948). The case against Council participation in congressional hearings was developed at greater length by Edwin G. Nourse in "Why Dr. Nourse Broke with the President," *Collier's*, February 18, 1950, and *The 1950's Come First* (New York, 1951). The case for Council participation in congressional hearings has been stated by members of Congress who contributed to the enactment of the legislation under which the Council was established and by others serving on the Joint Committee on the Economic Report. For example, see the views of Senator Ralph Flanders, "Administering the Employment Act," *Public Administration Review*, Vol. 7, pp. 223-24 (Autumn, 1947), and of Senator

The first was the controversial status of economics as a discipline. In this situation, it was and is healthy, and educationally desirable, for the research methods and analysis of the President's economic advisers to be open to congressional cross-questioning. Contrary to the frequent impression, the practice proved to be more of a help than a hindrance to the work of the Truman Council. One of the most exacting tests to which executive officials can be subjected is careful probing by seasoned legislators of the factual basis underlying their recommendations.²⁸

In the second place and more important: just as a close working relationship with Congress—and more particularly, with the Joint Committee—can assist the Council, so also it helps the Congress in framing its legislative program. Like the President, Congress wants, in the way of analysis of current facts and of the probable economic effects of policies recommended by the President, an interpretation which goes beyond the printed page. It receives this service from administrative officials concerned with particular parts of the President's program; it would seem to be entitled even more to the assistance of an agency which, of all the executive agencies, is supposed to have the best chance of maintaining a balanced and comprehensive view of the program as a whole. With the exception of the first chairman, all Truman appointees to the Council seem to have felt that it would be incongruous for the Council, after, it might be said, having talked with everyone else, to refuse to talk directly with those who were making the final policy decisions which so much concerned it.

The Council's relations with the Joint Committee through 1952 included appearances at both executive and public sessions, some informal cooperation on research between Committee and Council staffs, and, as already noted, collaboration in supplying "Economic Indicators" to legislators and to key personnel in the executive branch. Mainly because of the press of other business, however, the Committee-Council relationship was never strengthened, even after Mr. Nourse's departure, as much as the other Council members thought desirable.

III. INTERNAL ORGANIZATION

The theory of the general economic staff function embodied in the Employment Act cannot come to much unless it is supported by effective organization

James E. Murray, *Washington Post*, November 5, 1949. The Joint Committee, in the majority report of June, 1950, dealing with the President's January, 1950 Economic Report, also expressed itself on the subject: "Full and free discussion of economic problems with those who have the statutory responsibility to advise the President on economic policy is essential to a complete understanding of the President's Economic Report by the committee and, therefore, to the committee's fulfillment of its responsibilities under the Employment Act." (81st Cong., 2d sess., Report No. 1843, p. 21.) For a more general discussion see Bertram M. Gross, *The Legislative Struggle* (New York, 1953), pp. 295-96.

²⁸ If the committees' investigative purposes and methods are constructive. The Council's salutary experience in this respect was due in large measure to the excellent manner in which the Joint Committee on the Economic Report conducted its hearings.

and procedure within the Council. There is space only for some selected comments on the experience of the Truman years in this regard.

The Three-Man Council. We shall not undertake here to discuss the current ill-repute of the multi-headed organizational form among American students of administration. But we do question the wisdom of automatically condemning it, as applied to the Council, on doctrinaire grounds. Viewed in the light of the agency's particular circumstances, the issue is a close one.

In economics it still is true that "in a multitude of counsellors, there is safety . . .," and it was this view which led the House conferees on the Employment Act to insist upon the three-man form. Certainly it is likely that, leaving personalities and other random factors aside, the confidence of the public, the Congress, and possibly the President is greater in the joint economic advice of three reputable advisers than it would be in that of any one of them. Thus, other things being equal, the Council form has a clear public relations advantage. Moreover, it is certainly true that during the Truman years debate and compromise among the members often resulted in a better balanced and more reliable product.

It is a rather superficial error, however, to assume that the issue between a single head and a Council of three actually involves a choice between one "counsellor" and several. The official utterances of any agency head, no matter how many human craniums are embraced in that term, are ordinarily, if the agency is functioning with a modicum of efficiency, the work of many minds. "Singleheadedness" obviously does not limit an agency's mental resources nor, in the case of an economic advisory agency, confine it to lone-wolf analysis instead of collective analysis. The real issue between the one-headed and three-headed form, then, is simply between alternative ways of organizing the collective thinking so that it can result in decisions, conclusions, or "positions."

Viewed in this light, a committee of peers cannot on the basis of the Truman Council's experience be judged an exceptionally efficient device for producing decisions in the field of economic diagnosis and policy analysis. Following what seems to be the only feasible course for presidential advisers endowed by law with a considerable public role of their own, the Council during the Truman Administration habitually refrained from speaking publicly and officially with a divided voice.²⁹ Consequently, the development of agreement within the Council frequently was a tortuous process. Deadlines could not be met with the same ease with which a single executive can always, if the calendar requires, decide a dispute within his staff. Usually they were met, but often only

²⁹ A partial exception to this policy was made for the first time in the January, 1952 Annual Economic Review with the inclusion of a short separate statement by Mr. John D. Clark on monetary and credit policy. In their final Review (January, 1953) the Truman Council members soloed rather more freely, with separate statements by both Messrs. Clark and Keyserling, Clark's being in outright disagreement with a considerable portion of the Review, Keyserling's only amplifying or paralleling one aspect of it. In no case, it should be noted, did the policy of public unanimity conflict with the freedom of members to vary the emphasis of their own speeches, articles, or other individual public statements.

at the expense of extra working hours and distracting tactical maneuvering within the Council. Occasionally, when an agreement could not be reached in time, the result was public silence on a significant policy question. More frequently the result was a greater degree of net cautiousness in appraising the economic outlook and, in particular, in pursuing analysis into the long-run future than probably would have characterized the work of all or most of the Council members individually.

This is a substantial indictment. But before it is taken as conclusive, an additional consideration is in order. It can be argued that most of these difficulties, while unfortunate in themselves, simply reflected the basic complexity of the policy integration problem which had to be threshed out one place or another, and as much as possible among peers—i.e., agency heads—short of the President. Much of the threshing-out process which the committee form of organization forced the Council to do within its own confines, particularly during the preparation of the Economic Reports and Reviews, may have saved the White House staff, and ultimately the President, from having to engage more extensively than they did in the far more ponderous arbitration of differences among Cabinet members and other agency heads. This is a sound argument, of course, only to the extent that the differing views of the three Council members approximated important differences of opinion elsewhere within the executive branch. Frequently, but not always, this was the case.

The deliberate pace which the three-member form forced upon official Council decision-making needs also to be seen in the perspective of the other staff services at the President's command. Since he was already equipped, in the White House and the Budget Bureau, with specialists in the enormous volume of day-to-day tactical decision-making the presidency involves, the justification may be all the stronger for staff work dedicated to the second look and the broader and more reflective view.³⁰

The effects of the multi-headed form on topside-staff relationships within the agency were also mixed. The council form permitted a useful division of labor among the members, with each assuming primary responsibility for working with the staff in the fields of his greatest professional interest and competence—as far as the respective backgrounds of the members allowed. This facilitated extensive participation by Council members in the early phases of work on any project, and, by intermingling Council and staff work, increased the extensiveness of staff members' topside contacts. But also, by inviting the doctrine that "each Council member is his own economist," it probably made

³⁰ This last point gains cogency from the fact that Council members (and staff members as well) did spend a considerable part of their time mixing *as individuals* in the rough and tumble of daily presidential business. By means of this quasi-explicit distinction between their individual and collective roles, the members of the Council sought a detour around Millett's 1947 judgment that two members of the Council would have to subordinate themselves to the third if the new board were not to become excessively remote from the President and his other advisers. See Millett's *The Process and Organization of Government Planning* (cited in note 22), pp. 167–68.

for less final reliance on the staff than would have been necessary in the case of a single adviser.

The basic condition which, when coupled with a reasonably clear yet flexible delineation of staff assignments, has kept the multi-headed form workable within the Council is simply the agency's small size. In an organization involving less than 20 professionals, where these share close working interests and readily talk each other's language, the chain of command can be relatively looser, shorter, and less formal than would be necessary in a larger, more heterogeneous organization.

Staff Organization. In terms of administrative architecture, the Council staff throughout the Truman Administration was a "short, wide" organization with a minimum emphasis on hierarchy. The bulk of the professional staff was made up of economists of relatively high civil service grade who were individually responsible directly to the Council for such specialized subject-matter areas as monetary and credit problems and policy, wage and manpower problems, and international economic problems, and who at the same time were thought to have a general competence in economics and something of a "feel" for public policy problems. In a few instances these senior staff members had assistants drawn from the middle range of the professional economist civil service brackets. Professional staff members, besides analyzing developments and prospects in their individual areas, served on a set of substantive staff committees (for example, one having to do with price and wage relationships and policy, and another concerned with making projections of national income and product components) which cut across the individual subject-matter areas and sometimes included participants from other departments and agencies.

These substantive staff committees, particularly because staff members were likely to serve on more than one of them, facilitated the integration of work within the agency as a whole. This was further implemented by periodic meetings of the full Council and staff. In addition, the integration of the agency's product was facilitated by a reports or editorial committee, which was responsible for the editorial coordination of the agency's regular reports at the staff level and, in the case of the last two semi-annual reviews, for first-drafting most of the manuscript on the basis of staff memoranda concerning developments and problems in the various subject-matter fields; a statistical unit, which helped to service the needs of Council and staff for statistical compilations and analysis, and, in particular, supplied extensive statistical data for the reports; an administrative officer (or, at an earlier stage, executive secretary); and staff members who served as personal assistants to individual Council members.

This somewhat rambling and highly flexible administrative pattern seemed to serve the needs of the Council with considerable success; here again the small size of the staff had an important qualitative bearing. By facilitating continuing and highly informal communications within the staff and by forcing

a multiplicity of roles on staff members, it permitted an organization conducive to the extensive and highly interrelated coverage of economic problems which the agency's mission demanded, and at the same time avoided cumbersomeness.

CONCLUSION

It perhaps goes without saying that we think the agency should be continued, and be strengthened, not weakened. As for what we think should not happen, it should not retreat into the half-world of professional isolation. It should not be dissociated from its intricate network of relations with the President, with other executive officials, and with the leaders of key private organizations. There should be no muddying of its clear reporting responsibility to the President, and no diminution of the Council's emphasis upon detailed analysis of current economic facts or of its attention to the adequacy of available statistics. The agency should not mushroom into a considerably larger organization.

There are a number of things we do hope to see. The Council's communications-center and thinking-center sides should grow in balance. There is need for greater precision in the policy formulation procedures which channel through the agency. In particular, the Council's process for formulating long-range goals for the American economy should achieve fuller participation by business, agricultural, labor, consumer, and professional economic groups and by other government agencies, and the process should become more specific in its results. The Council's attention to the inseparable interrelationships between foreign policy and the course of the domestic economy should be reinforced, and its emphasis on the role of state and local governments in domestic policy increased. The regional study program might well be extended to cover a few more areas and should focus attention on the institutional framework of regional planning. Efforts should be made to develop concepts bridging the present gap between "economic planning" and "physical planning." Resources permitting, we favor more orientation toward theoretical analysis in the twilight zones between economics and the other social disciplines, seeking to improve the former's usefulness as a policy tool. We should like to think that at least annually the Council could bring forth an intensive treatment along monographic lines of a key economic problem or program. To do all of these things the agency would need a slightly larger budget and a few more people.

So far as organization matters go, we are not, in our own minds, wedded to any of the internal patterns and procedures of the Council during its first six years. Experimentation should continue, but cautiously and with an understanding that the economic staff function could easily be weighed down with too much formal administrative structure. Whether strengthening of the chairman's status and administrative authority will enable the Council to operate as satisfactorily as a single adviser is, in our minds, an open question.

As for what will actually happen, we confine ourselves to the prophecy that the economic staff function will, in some form, survive. Those who, near the

Council's outset, guessed that it would go the way of the National Resources Planning Board³¹ probably will be proven wrong.

³¹ Cf. R. G. Tugwell's highly stimulating discussion of central planning, "The Utility of the Future in the Present," *Public Administration Review*, Vol. 8, pp. 57-59 (Winter, 1948). On the ground that "any planning tied exclusively to the Chief Executive will never become central planning in any defensible definition of the term," he concludes that the Council does not "possess very great survival value," that it is "vulnerable to its natural enemies and possesses no strength of its own," and that "when this experiment is finally liquidated, we . . . are not likely to be much further advanced in the development of central planning." Committed to the thoroughly monistic policy-forming and -executing process he finds in Britain, his argument is not with the Council as such but with the whole separation of powers concept. Despite its brilliance, we do not find in his exposition any adequate refutation of the Employment Act's underlying thesis—namely, that by fortifying what he happily calls "agencies of conjuncture" in *both* the executive and the legislature, and by strengthening the connecting rods between them, it is possible to develop workable programming machinery within our present constitutional framework. Nor in all Tugwell's castigation of things as they are here and idealization of things as he sees them in Britain do we find any hints of a practicable program of constitutional reform for this country.