

**STATEMENT OF WALTER W. HELLER, CHAIRMAN, COUNCIL OF  
ECONOMIC ADVISERS; ACCOMPANIED BY GARDNER ACKLEY AND  
KERMIT GORDON, MEMBERS**

Dr. HELLER. Thank you.

Chairman PATMAN. You are recognized, Dr. Heller.

Dr. HELLER. Thank you. We are pleased to appear once again before the Joint Economic Committee. I might say that in accordance with your request we have prepared a statement on economic outlook and policy today. In developing this statement we have tried to be responsive to the questions put by the committee, and I think we have in effect also prepared, at least on a small scale, the kind of midyear economic review that some members of the committee have at times thought desirable for presentation to the committee. As the chairman has indicated, I should like to read this statement on the performance of the economy, the outlook and policy problems.

We are examining the economic outlook today because the current expansion has not been as vigorous as all of us hoped and most of us expected. The expansion has slowed down in 1962 and we must be alert to the danger that the current recovery, like its immediate predecessor, will not carry us to full employment.

Nevertheless, we should recognize the important economic gains that have been scored during the past year and a half. From the first quarter of 1961 to the second quarter of 1962—

Gross national product rose from \$501 to \$552 billion, a rise of 10.2 percent (or a rise of 8.5 percent after price correction).

Consumption in constant prices increased by more than \$250 per family (annual rate).

Corporate profits before taxes have increased by roughly one-fourth.

Labor income increased by nearly 9 percent.

Unemployment (seasonally adjusted) declined by about 1 million persons, with the rate falling from 6.8 to 5.5 percent (and to 5.3 percent in July).

In order to conserve time we have put many of the statistics into a separate statement called "Summary of 1961-62 Economic Expansion and Policies."

Chairman PATMAN. Without objection, you may insert them as a part of your remarks in the record.

(The statement referred to follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,  
COUNCIL OF ECONOMIC ADVISERS,  
*Washington, August 6, 1962.*

**SUMMARY OF 1961-62 ECONOMIC EXPANSION AND POLICIES**

**A. THE RECORD OF GAINS**

Since the beginning of the current expansion taken as of February or the first quarter of 1961:

1. The U.S. gross national product rose from an annual rate of \$500.8 billion in the first quarter of 1961 to \$552 billion (second quarter, 1962) or 10.2 percent in five quarters. In constant prices, the gain was 8.5 percent.

2. Personal income increased from an annual rate of \$404.2 to \$440.4 billion (June 1962)—a rise of 9 percent.