

The continued growth in our economic potential at rates exceeding prewar averages.

But when we look ahead, instead of backward, it is the size of the job yet to be done that demands attention and commands action: the continued hardship, inequity, and waste of unemployment; the excessive amounts of unused industrial capacity; the unsatisfactory pace of economic expansion in 1962; and the remaining gap in our balance of payments. My statement today has put its emphasis on this unfinished business of economic policy. The uncertainties of current economic developments and prospects underscore the urgency of that unfinished business. They also intensify the need for action on those economic measures that the President has already put before Congress, and the need for forethought on the tax adjustments which are needed to remove barriers to the expansion and full utilization of the great potential of the American economy.

Chairman PATMAN. Thank you very much, Dr. Heller. I assume you are speaking for the Council?

Dr. HELLER. I am, Mr. Chairman.

Chairman PATMAN. Dr. Heller, when you were before the committee in January presenting the President's economic report for 1962, I believe you then projected a GNP for the year of \$570 billion. You mentioned that in your statement, I know. Is that correct?

Dr. HELLER. That is correct.

Chairman PATMAN. What amount of investment in plant and equipment did you project for 1962 at that time, do you recall, Dr. Heller?

Dr. HELLER. We projected a 14-percent increase in the investment in plant and equipment over 1961; that is, a total of about \$39 billion for 1962.

Chairman PATMAN. Do you recall your projection of Federal expenditures?

Dr. HELLER. May I put those in terms of the rise that we expected from 1 year to the next?

Chairman PATMAN. Yes, sir. Also construction expenditures and consumer durables. Rather than delaying the hearing, Dr. Heller, I will ask you if you have the question to put the answer in the record if you will, please.

Dr. HELLER. Thank you, Mr. Chairman.

(The figures referred to follow:)

An increase of \$8 billion from 1961 to 1962 was expected in Federal expenditures on an income-and-product basis with about \$5½ billion of the increase occurring in purchases of goods and services. Data in the first half of 1962 are consistent with those projections.

It was anticipated that residential construction in 1962 would run \$3 billion above the 1961 average—or \$1 billion above the fourth quarter of 1961. Despite the weak first quarter results, the average for 1962 is likely to be within \$1 billion of the projected level.

No explicit projections of public construction or nonresidential building were made.

A \$5 billion rise in 1962 over 1961 was expected in consumer durable expenditures—slightly more than half in autos and the rest in other durables. The second quarter of 1962 showed a level of \$3½ billion above 1961, with nearly all of the gains coming from autos.

Chairman PATMAN. What figure did you project for money supply on the average for the year 1962?