

STATE OF THE ECONOMY AND POLICIES FOR FULL EMPLOYMENT

FRIDAY, AUGUST 10, 1962

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met at 10 a.m., pursuant to recess, in room AE-1, the Capitol, Hon. Wright Patman (chairman) presiding.

Present: Representatives Patman, Reuss, Griffiths, and Thomas B. Curtis; Senators Douglas and Proxmire.

Also present: William Summers Johnson, executive director; John R. Stark, clerk; Hamilton D. Gewehr, research assistant.

Chairman PATMAN. The committee will be in order, please.

We continue hearings on the state of the economy and on the policies for full employment, production, and purchasing power.

This morning we have a panel of economists on fiscal policy recommendations. George C. Hagedorn, director of the Research Department, National Association of Manufacturers; John K. Langum, consulting economist and president of Business Economics, Inc., Chicago; Joseph A. Livingston, financial editor, Philadelphia Bulletin; Stanley H. Ruttenberg, director, Department of Research, AFL-CIO.

Gentlemen, we thank you for coming. We are very glad to have you. Our procedure is to have each witness make an opening statement. Then the members of the committee put questions to the panel under a 10-minute rule for questioning by each committee member.

Mr. Hagedorn, you may proceed in your own way, sir. I believe you have a prepared statement.

STATEMENT OF GEORGE G. HAGEDORN, DIRECTOR, RESEARCH DEPARTMENT, NATIONAL ASSOCIATION OF MANUFACTURERS

Mr. HAGEDORN. I would like to read my prepared statement, Mr. Chairman.

Chairman PATMAN. You may do so, sir.

Mr. HAGEDORN. Differences of opinion as to the proper fiscal program to be followed at any given time are usually the product of differences in basic conceptions of the function of fiscal policy generally. For that reason it is well to start with a statement of the principles on which the approach advocated in this paper is based.

They are relatively simple and not at all original. First, spending should be kept to the minimum needed for performing the necessary functions of the Federal Government. In that way the Government does not use up economic resources which would otherwise be avail-