STATE OF THE ECONOMY AND POLICIES FOR FULL EMPLOYMENT

FRIDAY, AUGUST 17, 1962

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

The Committee met at 10 a.m., pursuant to recess, in room 6226, New Senate Office Building, Hon. Wright Patman (chairman) presiding.

Present: Representative Patman; Senators Proxmire, Pell, and Javits; and Representatives Reuss and Curtis.

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

Chairman PATMAN. The committee will please come to order.

This is a continuation of our hearings on the state of the economy, and policies for full employment. We have as our witness this morning the Honorable C. Douglas Dillon, Secretary of the Treasury.

Mr. Dillon, I notice you have a prepared statement. You may proceed in your own way.

STATEMENT OF HON. C. DOUGLAS DILLON, SECRETARY OF THE TREASURY

Secretary DILLON. Thank you, Mr. Chairman.

The performance of the economy has already been reviewed by previous witnesses. As you know, there have been substantial gains in domestic employment and production over the past 18 months, plus clear progress toward restoring balance in our international accounts.

You are also aware that the margin between our productive potential and the current rate of business activity is still far too wide to permit complacency. Unemployment at 5.3 percent, although much improved, is still at an unacceptably high level. And, if we are to maintain a secure foundation for the dollar and for vigorously expanding trade among nations, the deficit in our balance of payments must be eliminated.

Thus, the major task of economic policy is to facilitate a step-up in the pace of domestic expansion at the same time that we reinforce our program for achieving equilibrium in our international payments.

There is no basic conflict between these twin goals of rapid growth at home and balance in our foreign payments. The key to both is the fuller and more effective use of our unmatched human and physical resources. We must produce more and better goods and services, with greater efficiency, and we must have markets—domestic and foreign—to adequately absorb our output.

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