

THE 1967 ECONOMIC REPORT OF THE PRESIDENT

MONDAY, FEBRUARY 6, 1967

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

The joint committee met at 10:05 a.m., pursuant to recess, in room S-228, the Capitol, Hon. William Proxmire (chairman of the joint committee) presiding.

Present: Senators Proxmire, Talmadge, Symington, Jordan of Idaho, Miller, and Percy; and Representatives Reuss, Griffiths, Moorhead, Curtis, Widnall, and Brock.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Donald A. Webster, minority economist.

Chairman PROXMIRE. The committee will come to order.

Our witness this morning is the very able and distinguished Secretary of the Treasury, who is certainly right in the heart of economic policy in the administration.

Mr. Fowler, you have submitted a very excellent statement. We would be delighted for you to go right ahead.

STATEMENT OF HON. HENRY H. FOWLER, SECRETARY OF THE TREASURY, ACCOMPANIED BY JOSEPH W. BARR, UNDER SECRETARY; FREDERICK L. DEMING, UNDER SECRETARY FOR MONETARY AFFAIRS; STANLEY S. SURREY, ASSISTANT SECRETARY; AND ROBERT A. WALLACE, ASSISTANT SECRETARY

Secretary FOWLER. Thank you Mr. Chairman and members of the Joint Economic Committee. I will go through my initial statement; then I would like to make a few comments and deal with an additional supplementary statement which has been prepared for inclusion in the record.

We meet after a year of bumpy but successful economic transition. During this time, our fully employed economy has adjusted to the requirements of a rapidly expanding defense effort. From all present indications, the most difficult part of that adjustment now lies behind us.

In the past 18 months, the economy had absorbed a \$15 billion increase in national defense expenditures without resort to wartime controls, and this is no mean feat, gentlemen. I lived here through the war production board days, and World War II, and the Korean war days, then as Director of Defense Mobilization, and as Administrator of the Defense Production Administration, and it has been something of a marvel to me the way the private economy has responded in flexi-