pocket problem a year from then. Now, maybe we will want an air pocket by then. In other words, you will want to study the strength of total demand before making a final decision.

Chairman PROXMIRE. Maybe the macroeconomic situation, but looking at Giddings & Lewis in Fond du lac in Wisconsin, for instance, and the thousands of people who work for them, this could be pretty disastrous to try to pay for leveling this thing out on an overall basis.

Mr. HELLER. Transitions are something we haven't really learned to handle smoothly enough in this matter of economic policy, and I think that kind of an instrument should be considered. But it always has to be considered in relation to the strength of overall demand as well as the particular industry.

Chairman PROXMIRE. Dr. Heller, I want to thank you for a superlative performance. You are certainly most helpful to us and have given us a great deal of enlightenment on these complex problems.

Mr. HELLER. I enjoyed it; and I wish to thank the committee again for the opportunity to testify.

Chairman PROXMIRE. Our witness this afternoon will be Arthur Burns, president of the National Bureau of Economic Research. The committee will recess until 2 o'clock.

(Whereupon, at 1 p.m., the committee adjourned, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Chairman PROXMIRE. The Joint Economic Committee will come to order.

The committee is fortunate to have as our witness, Dr. Arthur Burns, a most able and eminent economist who served as the Chairman of the Council of Economic Advisers under President Eisenhower.

Dr. Burns is currently president of the National Bureau of Economic Research, which, of course, serves as a great lighthouse in the economic world. Like Dr. Heller, he has come here at some personal sacrifice. There are inordinate demands on his time, but characteristically he has taken the time to come here and give us the benefit of his wise counsel. I wish to state that you are mighty welcome, Dr. Burns. Will you proceed?

STATEMENT OF ARTHUR F. BURNS, PRESIDENT, NATIONAL BUREAU OF ECONOMIC RESEARCH

Mr. BURNS. Thank you, Senator.

I am glad to have the opportunity once again of discussing economic issues with the members of this committee.

Your wish, as I understand it, is that I appraise the administration's financial policies in relation to the Nation's economic condition and prospects.

There is hardly any need for me to tell you that we are now in the midst of a tremendous upsurge of Federal spending.

According to the national income accounts budget, for which the President has recently expressed a preference, Federal expenditures in fiscal 1965 amounted to $118 billion. In fiscal 1966, expenditures reached $132 billion. Now, a total of approximately $154 billion is projected for this fiscal year and a total of $169 billion for fiscal 1968.