

THE 1967 ECONOMIC REPORT OF THE PRESIDENT

THURSDAY, FEBRUARY 16, 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 1202, New Senate Office Building, Hon. William Proxmire (chairman of the joint committee) presiding.

Present: Senators Proxmire, and Sparkman; and Representatives Reuss, Griffiths; Widnall, and Rumsfeld.

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

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

We continue our hearings today with two outstanding economists, neither of whom is a stranger to this committee. I should say both are friends of this committee. Professor James Tobin, professor of economics at Yale University, a former member of the President's Council of Economic Advisers in the Kennedy administration and now an eminent member of the department of economics at Yale.

And John Culbertson, who is a professor of economics at the University of Wisconsin, but who is temporarily on leave to teach at the University of California. Unfortunately, yesterday I made the error of saying Professor Culbertson was a Californian, but he is only temporarily. Our State is proud of Professor Culbertson. He is a definite Badger and a Wisconsinite.

We owe him a particular debt of gratitude inasmuch as he has traveled a long distance from California to be with us today. Professor Culbertson has previously given this committee some very incisive insights into the monetary aspects of the economy.

Both of you gentlemen are recognized experts in monetary policy as well as in many other economic areas. We are very pleased to have you both here. Professor Tobin, you go right ahead.

STATEMENT OF JAMES TOBIN, PROFESSOR OF ECONOMICS, YALE UNIVERSITY

MR. TOBIN. Mr. Chairman, members of the committee, the main purpose of the Economic Reports of the President and his Council of Economic Advisers is to set forth the stabilization policy of the administration for the year ahead. By "stabilization policy" I mean the management of the aggregate demand for goods and services in the economy by fiscal and monetary measures. Under the Employment Act the President with the Council's aid, is supposed to outline a pro-