

THE 1967 ECONOMIC REPORT OF THE PRESIDENT

TUESDAY, FEBRUARY 21, 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 Javits; and Representatives Reuss, Moorhead, and Rumsfeld.

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

Chairman PROXMIRE. The meeting will come to order.

Today we are privileged to hear three more distinguished economists who will be here to argue what we might call the public policy outlook, that is, the major policy decisions that face us in the year ahead.

Dr. Gerhard Colm is the Chief Economist for the National Planning Association, one of the great pioneers in the economics of full employment. He has been of tremendous aid to this committee, and has given us some excellent advice throughout the years.

Dr. Henry Wallich of Yale University is the former member of President Eisenhower's Council of Economic Advisers, and likewise has been most generous and perceptive in his comments, and of course, has a widely read economics column which I follow avidly.

Our third panelist this morning has not yet arrived. We expect him momentarily—Dr. Robert Lekachman. Although not so well known personally to this committee, he is known by reputation for his insight and for his ability.

Gentlemen, we are delighted to have you here this morning. The other members of the committee will be along shortly. We would appreciate it if you would limit your original statement to 15 minutes, and we will have more time for colloquy. I am going to ask Dr. Wallich to begin, followed by Dr. Colm, and Dr. Lekachman when he arrives.

STATEMENT OF HENRY C. WALLICH, DEPARTMENT OF ECONOMICS, YALE UNIVERSITY

Mr. WALLICH. Mr. Chairman, I appreciate the opportunity to testify.

The Council of Economic Advisers is to be commended on the responsible and realistic stand taken in the report on a number of issues.

With respect to policy in 1966, the Council agrees that monetary policy was compelled to become too tight, in a year of pronounced