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**Appendix C**

**REPORT TO THE PRESIDENT ON THE  
ACTIVITIES OF THE COUNCIL  
OF ECONOMIC ADVISERS  
DURING 1954**

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## Letter of Transmittal

DECEMBER 23, 1954.

The PRESIDENT

SIR: The Council of Economic Advisers submits this Annual Report for the calendar year 1954 in accordance with the requirements of Congress, as set forth in Section 4 (d) of the Employment Act of 1946.

Respectfully,

ARTHUR F. BURNS, *Chairman.*

NEIL H. JACOBY.

WALTER W. STEWART.



## Report to the President on the Activities of the Council of Economic Advisers During 1954

The Employment Act of 1946, declaring it to be the continuing policy and responsibility of the Federal Government to promote maximum employment, production, and purchasing power, established the Council of Economic Advisers within the Executive Office of the President. In its relation to the President, the Council functions in the economic realm in many respects as the Joint Chiefs of Staff function in military matters.

While the Council is merely one of numerous agencies within the Executive Branch that deal with economic affairs, it is unique in that it is a purely advisory agency, without routine administrative duties of any sort. The Council gives its undivided attention to analyzing how the entire economy is faring, to exploring ways and means of adding to its strength, and to advising the President on appropriate economic policies.

### *Major Activities During the Year*

The Council assisted the President in the preparation of his Economic Report to the Congress, transmitted January 28, 1954. Since this was the first Economic Report of the present Administration, it was important that it describe fully how the Administration proposed to promote maximum employment, production, and purchasing power. Accordingly, the Report analyzed the proper role of the Government in working toward these objectives, diagnosed the existing economic situation, and set forth recommendations of the legislation needed to attain the objectives stated in the Employment Act. Following the transmittal of the Report to the Congress, the Chairman of the Council met with the Joint Committee on the Economic Report to discuss the findings and recommendations of the Report.

The Council continued the task of reviewing economic trends and the Federal Government's economic programs and policies. Special attention was given to ways of marshalling the forces of recovery and to stimulating the long-term expansion of the economy. The Council also assisted the President in planning and preparing the Economic Report to be transmitted in January 1955.

A representative of the Council, generally the Chairman, reported personally to the President on economic matters once a week, sometimes more often. A representative of the Council also appeared regularly at Cabinet meetings to present the Council's thinking about the state of the economy and ways of dealing with the changing economic situation.

### *Need for Improving Economic Intelligence*

In view of the heavy responsibilities assumed by the Federal Government under the Employment Act, the Council has called to the personal attention of the President, as well as of the Cabinet and Congressional Committees, the need for improving our economic intelligence.

The Council has urged various statistical agencies of the Federal Government to accelerate the reporting of economic information. Notable progress has been made in timely reporting of changes in employment, hours and earnings of nonagricultural workers, retail sales, exports and imports, and industrial production.

In its efforts to improve economic information, as well as in other matters, the Council has worked closely with the Joint Committee on the Economic Report. In response to a request by the Joint Committee's Subcommittee on Economic Statistics, the Council submitted a memorandum on four categories of statistical needs: more prompt and frequent reporting, desirable improvements of existing data, desirable improvements in their presentation, and desirable additions to existing information. The Chairman of the Council supplemented this memorandum with personal testimony before the Committee, which was published in hearings before the Subcommittee on Economic Statistics of the Joint Committee on the Economic Report, Eighty-Third Congress, Second Session, July 12 and 13, 1954.

In cooperation with the Joint Committee, the Council also undertook a review of *Economic Indicators*, which is a monthly statistical compendium prepared by the Council and issued by the Committee. In the course of this appraisal, the Council and the Joint Committee received the benefit of suggestions from business and labor organizations and from professional economists in universities, government, and private research agencies. The review disclosed that *Economic Indicators* could be readily improved in a number of ways. Some improvements have already been put into effect, and others will follow shortly.

### *Public Works Planning*

At the President's request, the Council extended its activity in the field of public works planning. With the aid of a special appropriation from the Congress, a Coordinator of Public Works Planning was appointed to the Council's staff and authorized to recruit a small group of experts on public works. Among other accomplishments, considerable progress has been made by this unit toward devising a system of cataloguing information on all Federal, State, and local public works projects under serious consideration, showing the type of project, its location, estimated cost, financing status, stage of planning, and how soon construction could be started if funds were available. As a result of the work of this unit, the Federal Government is better prepared than previously to accelerate public construction, if the need for doing so should arise.

### *Advisory Board on Economic Growth and Stability*

The Council has received continuing valuable assistance from the Advisory Board on Economic Growth and Stability. This Board, established by the President in mid-1953, assures close liaison between the Council and government agencies that have administrative responsibility for various economic programs. It also provides the Council with timely information and advice on a wide range of current economic issues. The exchange of views that takes place at the Board's weekly meetings is of great help to the Council in its deliberations and in the preparation of its reports to the President and the Cabinet.

The present membership of the Board is as follows:

- Department of Agriculture—True D. Morse, Under Secretary
- Department of Commerce—Walter Williams, Under Secretary
- Department of Labor—Arthur Larson, Under Secretary
- Department of State—Samuel Waugh, Assistant Secretary
- Department of the Treasury—Marion B. Folsom, Under Secretary
- Board of Governors of the Federal Reserve System—Abbot L. Mills,  
Member of the Board
- Bureau of the Budget—Donald R. Belcher, Assistant Director
- The White House Office—Gabriel Hauge, Administrative Assistant  
to the President
- Council of Economic Advisers—Arthur F. Burns, Chairman

### *Work with Other Agencies*

In addition to its work with the Advisory Board on Economic Growth and Stability, the Council maintained liaison with other policy-making and advisory groups in the Executive Branch, including the National Security Council, Operations Coordinating Board, Defense Mobilization Board, and National Advisory Council on International Financial and Monetary Problems.

The Council also organized five interagency task forces of staff experts to study intensively the following subjects: raising the status of low-income families, Federal credit aids to private construction, public works planning, measures for dealing with local unemployment, and ways of strengthening the financial system.

Most government agencies have participated, one way or another, in the Council's work. Many have prepared special tabulations and made comprehensive analyses at the request of the Council. In particular, the Council has been aided by the reports it has received on how long-term growth in various segments of our economy may be promoted. More than a score of experts from other agencies have given the Council the benefit of their specialized knowledge through membership on various task forces and the Auxiliary Staff Committee, which is an adjunct of the Advisory Board on Economic Growth and Stability.

Private research agencies have shown no less willingness than government agencies to assist the Council in carrying out its responsibilities. Two of

these, the National Bureau of Economic Research and the Brookings Institution, have arranged conferences with professional economists for the benefit of the Council. In addition to assuming the burden of making detailed arrangements for such conferences, these institutions have paid all costs incident to them.

In conformity with Section 4 (e) of the Employment Act, the Council has met frequently with business, labor, and agricultural groups. These exchanges of views on economic policies and developments have proved very helpful to the Council.

#### *Other Activities*

Mr. Neil H. Jacoby participated in two meetings, held in Paris, of the Organization of European Economic Cooperation and associated countries. The first, in April, was a meeting of experts to exchange views on economic conditions and prospects. The second meeting, in September, considered in addition the written submission to the OEEC on United States economic developments and outlook, which had been prepared by the Council.

Members of the Council's staff participated in training conferences and seminars held by other government agencies for new employees and visiting foreign experts. Staff members also served on a number of interagency committees initiated by other agencies.

The Council handled a large volume of correspondence on economic questions, some of which was received directly but a considerable part of which was referred by other agencies and by the White House.

#### *The Council and Its Staffing*

On February 5, 1954, the Senate confirmed the President's recess appointments of two members of the Council, Mr. Neil H. Jacoby and Mr. Walter W. Stewart. Mr. Jacoby had been serving since September 15, 1953, and Mr. Stewart since December 2, 1953.

A number of changes were made in the Council's staff during the year. Five experts who had joined the staff from university faculties, with the understanding that they would remain with the Council for not more than one year, returned to their teaching posts. These men were replaced and several additions to the senior staff were also made. The rebuilding of the staff, which the Council began after it was reconstituted last year, is now largely completed.

At present, the full staff, including detailed personnel and consultants, consists of 34 persons. The following are members of the senior staff: Asher Achinstein, John S. Bragdon, Lowell J. Chawner, George H. Deming, Karl A. Fox, Bert G. Hickman, Frances M. James, E. Gordon Keith, David W. Lusher, John A. Meek, Joseph A. Pechman, Albert E. Rees, Virgil Salera, Raymond J. Saulnier, Charles L. Schultze, Irving H. Siegel, and Collis Stocking.

As previously, staff assignments are made by the Council so that developments in every major field embraced by the Council's responsibilities—industrial production, agriculture, construction work, employment and

unemployment, wages and prices, the national income and its distribution, money and banking, public finance, international trade and finance, technological developments, business organization, social security, public works planning, etc.—are under the scrutiny of a senior staff member. Each of these experts is responsible for eliciting the cooperation of governmental and private specialists in analyzing and evaluating the significance of current developments in the field assigned to him.

*Budget for Fiscal Years 1954 and 1955*

During fiscal year 1954, the Council's obligations (including \$6,034 for the office of the Economic Adviser to the President from July 1 to August 1) were \$242,520. The appropriation made available to the Council for this period was \$308,020.

The Council requested \$360,000 for fiscal year 1955. Of this amount, \$35,000 was for a Coordinator of Public Works Planning and members of his staff. The Congress appropriated \$285,000, plus the unobligated balance from the preceding year's appropriation. Since this balance came to \$65,500, the Council has \$350,500 at its disposal for the current fiscal year.

