



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 9, 1945

Mr. Elliott Thurston  
Room 2047  
Federal Reserve Building  
Washington 25, D. C.

Dear Elliott:

I am enclosing herewith a revision which I have made of the Murray Full Employment Bill.

You will note that the Declaration of Policy in my proposed revision is stated in terms of full employment as a major goal of national policy and not in terms of "assuring" full employment.

You will also note that the somewhat rigid arithmetic with respect to the so-called gap in total expenditures as outlined in the Murray Bill is omitted. Instead, the President is asked to report on trends, current development and prospective outlook with respect to the various categories of expenditures that make up the gross national product and to make recommendations based upon these developments.

My proposal is more specific with respect to recommendations by the President on an integrated program of public construction and development projects, Federal, State and local, with a view to placing construction public and private on a high and stable level. I have, moreover, made some additions to the section on the Rate of Expenditures. I have in several places inserted phrases relating to economic stability and to the avoidance of both inflation and deflation.

I should be glad to get any comments which you may have.

Very sincerely yours,

*Alvin H. Hansen*

Alvin H. Hansen

FOR VICTORY Enclosure:  
BUY UNITED STATES WAR BONDS AND STAMPS  
Murray Bill.



June 19, 1945.

Dear Alvin:

We discussed briefly, at any rate, your revision of the Full Employment Bill, which you kindly enclosed in your letter of June 9.

It occurred to me that you might be interested in seeing the letter Mr. Eccles has sent to Senator Wagner, and I enclose a copy. As I said to you, it merely raises the question of whether the objective should be stated in terms of "full employment" or "continuing full employment". It doesn't attempt to go into various other details of the act.

I am eager to see you when you return to Washington because I am much interested, as I know you are, in this measure.

Sincerely yours,

Professor Alvin H. Hansen,  
231 Littauer Center,  
Harvard University,  
Cambridge, Massachusetts.

Enclosure

ET:b

PROPOSED REVISION OF

79th Congress

S. 380

June 7, 1945

IN THE SENATE OF THE UNITED STATES

To establish a national policy and program for continuing full employment in a free competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Full Employment Act of 1945".

DECLARATION OF POLICY

SECTION 2. The Congress hereby declares that --

(a) It is a major goal of national policy to maintain at all times sufficient employment opportunities so that all Americans able to work and seeking work, who have finished their schooling and who do not have full-time housekeeping responsibilities, shall be able to find useful, remunerative, and regular employment.

(b) It is the policy of the Federal Government to foster free competitive enterprise and the investment of private capital in trade and commerce and in the development of the natural resources of the United States;

(c) It is the responsibility of the Federal Government, in cooperation with industry, agriculture, labor, and State and local governments, to pursue such consistent and openly arrived at economic policies and programs as will stimulate and encourage full production and employment.

(d) In order to: (1) promote the general welfare of the Nation; (2) foster and protect the American home and the American family as the foundation of the American way of life; (3) raise the standard of living of the American people; (4) provide adequate employment opportunities for returning veterans; (5) contribute to the full utilization of our national resources; (6) develop trade and commerce among the several States and with foreign nations; (7) preserve and strengthen competitive private enterprise, particularly small business enterprise; (8) maintain economic stability, avoiding both inflation and deflation; (9) strengthen the national defense and security; and (10) contribute to the establishment and maintenance of lasting peace among nations, it is essential that conditions favorable to continuing full employment be maintained in the United States.

## THE NATIONAL PRODUCTION AND EMPLOYMENT BUDGET

SECTION 3. (a) The President shall transmit to Congress at the beginning of each regular session as a part of the Annual Budget Message an Employment and Production Budget which will set forth in summary and detail, for the ensuing fiscal year and for such longer period as the President may deem appropriate --

(1) the estimated size of the labor force, including the self-employed in industry and agriculture;

(2) the past trends, current development, and prospective outlook, with respect to:

Gross and net national product, national income, income payments; gross and net savings; business and personal taxes; private consumer expenditures and private investment expenditures; net foreign balance; outlays by state and local governments; the ordinary expenditures of the Federal Government on current goods and services, and alternative ranges of Federal outlays on public construction including standard public works and developmental projects of all kinds;

Employment, unemployment, production, the movement and level of prices, wage rates, hours of labor, and such other data as may be deemed appropriate.

(b) On the basis of current development and prospective outlook with respect to employment, production, income and prices, the President shall make such recommendations for legislation as he may deem necessary or desirable to maintain full employment and to prevent both inflationary and deflationary developments.

Such program may include appropriate measures taken within the framework of existing responsibilities of the Government with respect to such matters as the control of monopoly and the maintenance of competition, wages and working conditions, foreign trade and foreign investment, banking and currency, agriculture, taxation, social security, income distribution, the development of natural resources, and such other matters as may directly or indirectly affect the level of production and employment.

The recommendation should also include a long-range planned program of Federal public works and developmental projects together with an integrated plan for Federal aid to State and local public works and public projects. Such a program of public construction and development projects should be planned for a minimum of six years so as to ensure adequate volume and to provide flexibility to meet short-run changes in employment, production, and the national income. The program should aim to place construction, public and private, on a high and stable level.

(c) The President shall, in addition to the annual message, transmit to Congress each quarter (and at other times, if necessary) such supplemental or revised estimates, information, programs, and legislative recommendations as he may deem necessary or desirable in connection with the Federal Government's responsibility with respect to production and employment.

#### RATE OF EXPENDITURES

SECTION 4. (a) The President shall review quarterly all Federal outlays on public works and development projects, loans and grants-in-aid to State and local bodies for public works or improvement projects, and all lending and guaranteeing operations such as the RFC, FHA, REA, involving capital investment, for the purpose of ascertaining the extent to which the current and anticipated level of non-Federal investment and consumption expenditure warrants any change in the volume of such Federal outlays.

(b) Subject to such principles and standards as may be set forth in applicable appropriation Acts and other statutes, the rate of Federal capital outlays may be varied to whatever extent and in whatever manner the President may determine to be necessary or desirable for the purpose of promoting full employment and economic stability, due consideration being given to current and anticipated levels of expenditures by private business, consumers, State and local governments, together with the ordinary expenditures on current goods and services by the Federal Government.

#### PREPARATION OF EMPLOYMENT AND PRODUCTION BUDGET

SECTION 5. (a) The Employment and Production Budget shall be prepared in the Executive Office of the President under the general direction and supervision of the President, and in consultation with the members of his Cabinet and other heads of departments and establishments.

(b) The President shall transmit to the several departments and agencies such preliminary estimates and other information as will enable them to prepare such plans and programs as may be needed during the ensuing or subsequent fiscal years to help achieve a full employment volume of production.

(c) The President may establish such advisory boards or committees composed of representatives of industry, agriculture, labor, and State and local governments, and others, as he may deem advisable for the purpose of advising and consulting on methods of achieving the objectives of this Act.

JOINT COMMITTEE ON THE NATIONAL BUDGET

SECTION 6. (a) There is hereby established a Joint Committee on the Employment and Production Budget, to be composed of the chairmen and ranking minority members of the Senate Committees on Appropriations, Banking and Currency, Education and Labor, and Finance, and seven additional Members of the Senate, to be appointed by the President of the Senate; and the chairmen and ranking minority members of the House Committees on Appropriations, Banking and Currency, Labor, and Ways and Means, and seven additional Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. The party representation of the Joint Committee shall reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the Joint Committee--

(1) to make a study of the Employment and Production Budget transmitted to Congress by the President in accordance with section 3 of this Act; and

(2) to report to the Senate and the House of Representatives, not later than March 1 of each year, its findings and recommendations with respect to the Employment and Production Budget, together with a joint resolution setting forth for the ensuing fiscal year a general policy with respect to such Budget to serve as a guide to the several Committees of Congress dealing with legislation relating to such Budget.

(c) Vacancies in the membership of the Joint Committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as in the case of the original selection. The committee shall select a chairman and a vice chairman from among its members.

(d) The Joint Committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned, under authority of this section.

(e) The Joint Committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistance as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties. The committee may utilize such voluntary and uncompensated services as it deems necessary and is authorized to utilize the services, information, facilities, and personnel of the departments and establishments.

(f) The expenses of the Joint Committee shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman.

#### AID TO COMMITTEES

SECTION 7. The heads of departments and establishments shall, at the request of any committee of either House of Congress, furnish such committee with such aid and information with regard to the National Budget as it may request.

#### INTERPRETATION

SECTION 8. Nothing contained herein shall be construed as calling for or authorizing--

- (a) the operation of plants, factories, or other productive facilities by the Federal Government;
- (b) the use of compulsory measures of any type whatsoever in determining the allocation or distribution of manpower;
- (c) any change in the existing procedures on appropriations; or
- (d) the carrying out of, or any appropriation for, any program set forth in the Employment and Production Budget, unless such program shall have been authorized by provisions of law other than this Act.

- 1 -  
SUGGESTED REVISION OF

FULL EMPLOYMENT BILL

To establish a national policy and program for assuring continuing full employment, high volume of production, and a rising standard of living in a free competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Full Employment Act of 1945".

DECLARATION OF POLICY

SECTION 2. The Congress hereby declares that --

(a) It is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans able to work and seeking work who have finished their schooling and who do not have full-time housekeeping responsibilities freely to exercise the right to useful, remunerative and regular employment.

(b) It is the policy of the United States to foster free competitive enterprise and the investment of private capital.

(c) It is the responsibility of the Federal Government, in cooperation with industry, agriculture, labor, and State and local governments, to pursue such consistent and openly arrived at economic policies and programs as will assure the maintenance of full production and full employment.

(d) In order to: (1) promote the general welfare of the Nation; (2) foster and protect the American home and the American family as the foundation of the American way of life; (3) raise the standard of living of the American people; (4) provide adequate employment opportunities for returning veterans; (5) contribute to the full utilization of our national resources; (6) develop trade and commerce among the several States and with foreign nations; (7) preserve and strengthen competitive private enterprise **particularly** small business enterprise; (8) strengthen the national defense and security; and (9) contribute to the establishment and maintenance of lasting peace among nations, it is essential that economic stability (avoiding both inflation and deflation) and continuing full employment be maintained in the United States.

(e) It is the policy of the United States to discharge the responsibilities herein conferred in such a manner as will contribute to an expanding exchange of goods and services among nations and without resort to measures or programs that would create unemployment or impede the improvement of living standards in other nations, or that would contribute to economic conflicts among nations.

THE NATIONAL PRODUCTION AND EMPLOYMENT BUDGET

SECTION 3. (a) The President shall transmit to Congress at the beginning of each regular session the National Production and Employment Budget (hereinafter referred to as the "National Budget"), which shall set forth in summary and detail estimates of past trends and current developments of the following items together with such analyses of foreseeable trends as the President may deem appropriate --

(1) the size and composition of the labor force, including the self-employed in industry and agriculture and the armed forces,

(2) employment and unemployment, and such other information relating to national income, consumption, investment, prices, industrial production, agriculture, foreign trade and investment, and such other economic data as may be deemed appropriate.

(b) On the basis of these estimates, the President shall further present in the National Budget the aggregate volume of outlays (whether for capital investment or for current consumption of goods and services) by private enterprise, consumers, State and local governments, and the Federal Government, required to provide markets for such volume of goods and services, at a substantially stable level of prices, as will be necessary to provide employment opportunities for the labor force (such dollar volume being hereinafter referred to as the "Full Employment Volume of Production").

(c) When the President finds that there is a reasonable expectation that the aggregate volume of outlay will fall short of the Full Employment Volume of Production for any fiscal year or other period, the President shall set forth in the message transmitting the National Budget a general program for encouraging such increased non-Federal investment and consumption outlays, particularly outlays which will promote increased employment opportunities by private enterprise, as will prevent such deficiency to the greatest possible extent, due consideration being given to the social needs of the community. Such program may include, but need not be limited to, current and projected Federal policies and activities with reference to availability of credit, banking and currency, prices, the control of monopoly and the maintenance of competition, wage rates and hours of labor, foreign trade and investment, agriculture, taxation, social security, income distribution, the development of natural resources, and such other matters as may directly or indirectly affect the level of private and other non-Federal investment and consumption outlays. The president shall also make such recommendations for legislation relating to such programs as he may deem necessary or desirable.

(d) - 1) To the extent, if any, that such increased non-Federal investment and consumption outlays as may be expected to result from actions taken under the program set forth in accordance with subsection (c) of this section are deemed insufficient to provide a Full Employment Volume of Production, the President shall transmit a general program for such Federal outlays as are authorized by law or are in accord with paragraph (2) in this subsection, and such adjustment of Federal taxes as will be sufficient, in combination with the other measures recommended, to bring the aggregate volume of investment and consumption outlays by private business, consumers, State and local government, and the Federal Government, up to the level required to assure a Full Employment Volume of Production.

2) In order to ensure that Federal outlays referred to in paragraph 1) of this subsection shall contribute to the national wealth and welfare the President shall cause to be prepared and shall include in each National Budget a report on plans and preparations made in advance for those public works projects and other projects and activities, including grant-in-aid programs, initiation of which may appropriately be deferred or advanced according to business conditions so as to provide for the expansion or contraction of outlays on such projects and activities in accordance with the provisions of subsection (a) of Section 4. The President shall further submit as a part of each National Budget such recommendations, proposed authorizations, and estimates as he may deem necessary to insure that there shall be on hand an adequate long-term program of advance plans, preparations and authorizations for such projects, activities and programs. Any of such programs calling for the construction of public works by the Federal Government shall provide for the performance of the necessary construction work by private concerns under contracts awarded in accordance with applicable laws, except where the performance of such work by some other method is authorized by other provisions of law.

(e) If the President finds that there is a reasonable expectation that the aggregate volume of outlays will be in excess of the Full Employment Volume of Production for any fiscal year or other period, at a substantially stable price level, the President shall set forth in the National Budget a general program for preventing inflationary developments. Such a program may include a reduction in the aggregate volume of Federal expenditures, adjustment of Federal taxes, and such other measures as may be required to maintain economic stability and assure a Full Employment Volume of Production.

(f) The President shall take such steps and make such recommendations as may seem to him appropriate to enlist the cooperation of state and local governments and private agencies so as to aid in maintaining full employment and economic stability.

(g) The programs referred to in subsections (c), (d), and (e), of this section shall include such measures as may be necessary to assure that monopolistic practices with respect to prices, production, or distribution, or other monopolistic practices, will not interfere with the achievement of the purposes of this Act.

(h) The National Budget shall include a report on the distribution of the national income during the preceding fiscal year, or such longer period as the President may deem appropriate, together with an evaluation of the effect upon the distribution of the national income of the programs set forth in such Budget.

(i) The President shall, in addition to the annual message, transmit to Congress each quarter (and at other times, if necessary) such supplemental or revised estimates, information, programs, and legislative recommendations as he may deem necessary or desirable in connection with the Federal Government's responsibility with respect to production and the maintenance of full employment.

#### TIMING OF EXPENDITURES AND CHANGES IN BASIC INCOME TAX RATES

SECTION 4. (a) The President shall review quarterly all Federal outlays on public works and development projects, loans and grants-in-aid to State and local bodies for public works or improvement projects, and all lending and guaranteeing operations of Federal corporations and agencies, and all other Federal expenditures, for the purpose of ascertaining the extent to which the current and anticipated level of non-Federal investment and consumption outlays warrants any change in the volume of such Federal outlays.

Subject to such principles and standards as the Congress may set forth in applicable appropriation Acts and other statutes, and subject to the maintenance of the continuing social services and the regular activities of government, the rate of Federal outlays may be varied to whatever extent and in whatever manner the President may determine to be necessary or desirable for the purpose of maintaining full employment and economic stability, due consideration being given to current and anticipated levels of expenditures by private business, consumers, State and local governments, together with the ordinary expenditures on current goods and services by the Federal Government.

(b) The President shall review quarterly the revenue receipts from the income tax applicable to individuals for the purpose of ascertaining the extent to which the current and anticipated revenues from this source contribute to stability and full employment. Subject to such principles and standards as the Congress may set forth in applicable revenue Acts and other statutes including the statutory debt limit as established by Congressional enactment, the basic income tax rates levied on individuals and the relevant withholding schedules may be varied within limits imposed by legislative enactment to such extent as the President may determine to be necessary or desirable for the purpose of maintaining full employment and economic stability, due consideration being given to the combined effect of this action and other measures taken.

#### PREPARATION OF THE NATIONAL BUDGET

SECTION 5. (a) The National Budget shall be prepared in the Executive Office of the President under the general direction and supervision of the President, and in consultation with the members of his Cabinet and other heads of departments and establishments.

(b) The President shall transmit to the several departments and agencies such preliminary estimates and other information as will enable them to prepare such plans and programs as may be needed during the ensuing or subsequent fiscal years to help achieve a Full Employment Volume of Production.

(c) The President shall consult with industry, agriculture, labor, consumers, State and local governments, and others, with regard to both the development and the administration of the National Budget, and for this purpose shall establish such advisory boards, committees or commissions as he may deem desirable.

#### JOINT COMMITTEE ON THE NATIONAL BUDGET

SECTION 6. (a) There is hereby established a Joint Committee on the National Budget, to be composed of the chairmen and ranking minority members of the Senate Committees on Appropriations, Banking and Currency, Education and Labor, and Finance, and seven additional Members of the Senate, to be appointed by the President of the Senate; and the chairmen and ranking minority members of the House Committees on Appropriations, Banking and Currency, Labor, and Ways and Means, and seven additional Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. The party representation of the Joint Committee shall reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the Joint Committee --

(1) to make a study of the National Budget transmitted to Congress by the President in accordance with section 3 of this Act; and

(2) to report to the Senate and the House of Representatives, not later than March 1 of each year, its findings and recommendations with respect to the National Budget, together with a joint resolution setting forth for the ensuing fiscal year a general policy with respect to such Budget to serve as a guide to the several Committees of Congress dealing with legislation relating to such Budget.

(c) Vacancies in the membership of the Joint Committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as in the case of the original selection. The committee shall select a chairman and a vice chairman from among its members.

(d) The Joint Committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times, to require by subpoena or otherwise the attendance of such witnesses and the production of such book papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned, under authority of this section.

(e) The Joint Committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistance as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties. The committee may utilize such voluntary and uncompensated services as it deems necessary and is authorized to utilize the services, information, facilities, and personnel of the departments and establishments.

(f) The expenses of the Joint Committee shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman.

#### AID TO COMMITTEES

SECTION 7. The heads of departments and establishments shall, at the request of any committee of either House of Congress, furnish such committee with such aid and information with regard to the National Budget as it may request.

#### DEFINITIONS

SECTION 8. (a) The term "full employment," as used in this Act, means a condition in which the number of persons able to work, lacking work, and seeking work, shall be approximately equivalent to the number of unfilled opportunities to engage in productive work, at locally prevailing wages and working conditions for the type of job available, and not below minimum standards required by law, and in which the amount of frictional unemployment, including seasonal and technological unemployment, and other transitional and temporary unemployment, is not greater than the minimum needed to preserve adequate flexibility in the economy.

(b) The term "Federal outlays" includes outlays for goods and services, loans, guarantees, commitments, grants, and any other direct or indirect disbursements, made by any department or branch of the Government, including any independent agency or any corporation owned or controlled by the United States.

(c) The term "basic income tax rates" means income tax rates on individuals applicable to such net income tax brackets as are fully covered in the withholding tables.

INTERPRETATION

SECTION 9. Nothing contained herein shall be construed as calling for or authorizing --

- (a) the use of compulsory measures of any type whatsoever in determining the allocation or distribution of manpower;
- (b) any change in the existing procedures on appropriations; or
- (c) the carrying out of, or any appropriation for, any program set forth in the National Budget, unless such program shall have been authorized by provisions of law other than this Act.

July 28, 1945.

Mr. Thurston:

*file*  
*WT*

Here is the revision of the Bill in  
view of the discussion Wednesday.

Kindly look over the section in which  
you are especially interested and send me any comments  
which you may have.

A. H. Hansen

SUGGESTED REVISION OF  
FULL EMPLOYMENT BILL

To establish a national policy and program for continuing full employment and high volume of production in a competitive economy, through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Full Employment Act of 1945".

DECLARATION OF POLICY

SECTION 2. The Congress hereby declares that --

(a) It is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans able to work and seeking work who have finished their schooling and who do not have full-time housekeeping responsibilities freely to exercise the right to useful, remunerative and regular employment.

(b) It is the policy of the United States to foster free competitive enterprise and the investment of private capital in trade and commerce and in the development of the natural resources of the United States;

(c) It is the responsibility of the Federal Government, in cooperation with industry, agriculture, labor, and State and local governments, to pursue such consistent and openly arrived at economic policies and programs as will assure the maintenance of full production and full employment.

(d) In order to: (1) promote the general welfare of the Nation; (2) foster and protect the American home and the American family as the foundation of the American way of life; (3) raise the standard of living of the American people; (4) provide adequate employment opportunities for returning veterans; (5) contribute to the full utilization of our national resources; (6) develop trade and commerce among the several States and with foreign nations; (7) preserve and strengthen competitive private enterprise particularly small business enterprise; (8) strengthen the national defense and security; and (9) contribute to the establishment and maintenance of lasting peace among nations, it is essential that economic stability (avoiding both inflation and deflation) and continuing full employment be maintained in the United States.

## THE NATIONAL PRODUCTION AND EMPLOYMENT BUDGET

SECTION 3. (a) The President shall transmit to Congress at the beginning of each regular session the National Production and Employment Budget (hereinafter referred to as the "National Budget"), which shall set forth in summary and detail estimates of past trends and current developments of the following items together with such analyses of foreseeable trends as the President may deem appropriate --

(1) the size and composition of the labor force, including the self-employed in industry and agriculture and the armed forces

(2) employment and unemployment, and such other information relating to national income, consumption, investment, prices, industrial production, agriculture, foreign trade, and such other economic data as may be deemed appropriate.

(b) On the basis of these estimates, the President shall further present the aggregate volume of outlays (whether for capital investment or for current consumption of goods and services) by private enterprise, consumers, State and local governments, and the Federal Government, required to produce such volume of goods and services, at a substantially stable level of prices, as will be necessary to provide employment for the labor force (such dollar volume being hereinafter referred to as the "Full Employment Volume of Production").

(c) When there is a prospective deficiency in the total demand for goods and services for any fiscal year or other period, the President shall set forth in the National Budget a general program for encouraging such increased non-Federal investment and consumption outlays, particularly outlays which will promote increased employment opportunities by private enterprise, as will prevent such deficiency to the greatest possible extent. The President shall also include in such Budget such recommendations for legislation relating to such programs as he may deem necessary or desirable. Such programs may include, but need not be limited to, current and projected Federal policies and activities with reference to availability of credit, banking and currency, prices, the control of monopoly and the maintenance of competition, wage rates and hours of labor, foreign trade and investment, agriculture, taxation, social security, income distribution, the development of natural resources, and such other matters as may directly or indirectly affect the level of private and other non-Federal investment and consumption outlays.

(d) To the extent, if any, that such increased non-Federal investment and consumption outlays as may be expected to result from actions taken under the program set forth in accordance with subsection (b) of this section are deemed insufficient to provide a Full Employment Volume of Production, the President shall transmit a general program for such Federal outlays and such adjustment of Federal taxes as will be sufficient, in combination with the other measures recommended in the National Budget, to bring the aggregate volume of investment and consumption outlays by private business, consumers, State and local government, and the Federal Government, up to the level required to assure a Full Employment Volume of Production. Such program shall be designed to contribute to the national wealth and well-being, and to stimulate non-Federal investment and consumption outlays. Any of such programs calling for the construction of public works by the Federal Government shall provide for the performance of the necessary construction work by private concerns under contracts awarded in accordance with applicable laws, except where the performance of such work by some other method is necessary by reason of special circumstances or is authorized by other provisions of law.

(e) If there is a prospective excess of total demand for goods and services for any fiscal year or other period, over and above that required to assure full employment at a substantially stable price level, the President shall set forth in the National Budget a general program for preventing inflationary developments. Such a program may include a reduction in the aggregate volume of Federal expenditures, adjustment of Federal taxes, and such other measures as may be required to maintain economic stability and assure a Full Employment Volume of Production.

(f) The programs referred to in subsections (b), (c), and (d) of this section shall include such measures as may be necessary to assure that monopolistic practices with respect to prices, production, or distribution, or other monopolistic practices, will not interfere with the achievement of the purposes of this Act.

(g) The National Budget shall include a report on the distribution of the national income during the preceding fiscal year, or such longer period as the President may deem appropriate, together with an evaluation of the effect upon the distribution of the national income of the programs set forth in such Budget.

(h) The President shall cause to be prepared and shall include in each National Budget a report on plans and preparations made in advance for those public works projects and other projects and activities, including grant-in-aid programs, initiation of which may appropriately be deferred or advanced according to business conditions so as to provide for the expansion or contraction of outlays on such projects and activities in accordance with the provisions of sub-section (a) of Section 4. The President shall further submit as a part of such National Budget such recommendations, proposed authorizations, and estimates as he may deem necessary to insure that there shall be on hand

an adequate file of advance plans and preparations for such projects, activities and programs. The President shall take such steps and make such recommendations as may seem to him appropriate to enlist the cooperation of state and local governments and private agencies in the timing of any of their activities which may appropriately be deferred or advanced so as to aid in maintaining full employment and economic stability.

(i) The President shall, in addition to the annual message, transmit to Congress each quarter (and at other times, if necessary) such supplemental or revised estimates, information, programs, and legislative recommendations as he may deem necessary or desirable in connection with the Federal Government's responsibility with respect to production and the maintenance of full employment.

#### TIMING OF EXPENDITURES AND CHANGES IN BASIC INCOME TAX RATES

SECTION 4. (a) The President shall review quarterly all Federal outlays on public works and development projects, loans and grants-in-aid to State and local bodies for public works or improvement projects, and all lending and guaranteeing operations of Federal corporations and agencies, and all other Federal expenditures, for the purpose of ascertaining the extent to which the current and anticipated level of non-Federal investment and consumption outlays warrants any change in the volume of such Federal outlays.

Subject to such principles and standards as the Congress may set forth in applicable appropriation Acts and other statutes, and subject to the maintenance of the continuing social services and the regular activities of government, the rate of Federal outlays may be varied to whatever extent and in whatever manner the President may determine to be necessary or desirable for the purpose of maintaining full employment and economic stability, due consideration being given to current and anticipated levels of expenditures by private business, consumers, State and local governments, together with the ordinary expenditures on current goods and services by the Federal Government.

(b) The President shall review quarterly the revenue receipts from the income tax applicable to individuals for the purpose of ascertaining the extent to which the current and anticipated revenues from this source contribute to stability and full employment. Subject to such principles and standards as the Congress may set forth in applicable revenue Acts and other statutes including the statutory debt limit as established by Congressional enactment, the basic income tax rates levied on individuals and the relevant withholding schedules may be varied within limits imposed by legislative enactment to such extent as the President may determine to be necessary or desirable for the purpose of maintaining full employment and economic stability, due consideration being given to the combined effect of this action and other measures taken.

#### PREPARATION OF THE NATIONAL BUDGET

SECTION 5. (a) The National Budget shall be prepared in the Executive Office of the President under the general direction and supervision of the President, and in consultation with the members of his Cabinet and other heads of departments and establishments.

(b) The President shall transmit to the several departments and agencies such preliminary estimates and other information as will enable them to prepare such plans and programs as may be needed during the ensuing or subsequent fiscal years to help achieve a Full Employment Volume of Production.

(c) The President may establish such advisory boards or committees composed of representatives of industry, agriculture, labor, and State and local governments, and others, as he may deem advisable for the purpose of advising and consulting on methods of achieving the objectives of this Act.

#### JOINT COMMITTEE ON THE NATIONAL BUDGET

SECTION 6. (a) There is hereby established a Joint Committee on the National Budget, to be composed of the chairman and ranking minority members of the Senate Committees on Appropriations, Banking and Currency, Education and Labor, and Finance, and seven additional Members of the Senate, to be appointed by the President of the Senate; and the chairman and ranking minority members of the House Committees on Appropriations, Banking and Currency, Labor, and Ways and Means, and seven additional Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. The party representation of the Joint Committee shall reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the Joint Committee --

(1) to make a study of the National Budget transmitted to Congress by the President in accordance with section 3 of this Act; and

(2) to report to the Senate and the House of Representatives, not later than March 1 of each year, its findings and recommendations with respect to the National Budget, together with a joint resolution setting forth for the ensuing fiscal year a general policy with respect to such Budget to serve as a guide to the several Committees of Congress dealing with legislation relating to such Budget.

(c) Vacancies in the membership of the Joint Committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as in the case of the original selection. The committee shall select a chairman and a vice chairman from among its members.

(d) The Joint Committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times, to require by subpoena or otherwise the attendance of such witnesses and the production of such book papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned, under authority of this section.

(e) The Joint Committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistance as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties. The committee may utilize such voluntary and uncompensated services as it deems necessary and is authorized to utilize the services, information, facilities, and personnel of the departments and establishments.

(f) The expenses of the Joint Committee shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman.

#### AID TO COMMITTEES

SECTION 7. The heads of departments and establishments shall, at the request of any committee of either House of Congress, furnish such committee with such aid and information with regard to the National Budget as it may request.

#### DEFINITIONS

SECTION 8. (a) The term "full employment," as used in this Act, means a condition in which the number of persons able to work, lacking work, and seeking work, shall be approximately equivalent to the number of unfilled opportunities to engage in productive work, at locally prevailing wages and working conditions for the type of job available, and not below minimum standards required by law, and in which the amount of frictional unemployment, including seasonal and technological unemployment, and other transitional and temporary unemployment, is not greater than the minimum needed to preserve adequate flexibility in the economy.

(b) The term "Federal outlays" includes outlays for goods and services, loans, guarantees, commitments, grants, and any other direct or indirect disbursements, made by any department or branch of the Government, including any independent agency or any corporation owned or controlled by the United States.

(c) The term "basic income tax rates" means income tax rates on individuals applicable to such net income tax brackets as are fully covered in the withholding tables.

#### INTERPRETATION

SECTION 9. Nothing contained herein shall be construed as calling for or authorizing --

- (a) the operation of plants, factories, or other productive facilities by the Federal Government;
- (b) the use of compulsory measures of any type whatsoever in determining the allocation or distribution of manpower;
- (c) any change in the existing procedures on appropriations; or
- (d) the carrying out of, or any appropriation for, any program set forth in the National Budget, unless such program shall have been authorized by provisions of law other than this Act.

July 26, 1945.