

---

---

Appendix A

REPORT TO THE PRESIDENT ON THE  
ACTIVITIES OF THE COUNCIL  
OF ECONOMIC ADVISERS  
DURING 1960

---

---



## Letter of Transmittal

DECEMBER 31, 1960.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this Annual Report for calendar year 1960 in accordance with the requirements of Section 4(d) of the Employment Act of 1946.

Respectfully,

RAYMOND J. SAULNIER, *Chairman*  
KARL BRANDT  
HENRY C. WALLICH



## Report to the President on the Activities of the Council of Economic Advisers During 1960

The year 1960 marked the eighth in which the Council of Economic Advisers has operated under Reorganization Plan No. 9 of 1953. It will be recalled that in the Appropriation Act for Fiscal Year 1953 the Congress provided funds sufficient for continuation of the Council only through March 1953; and that the Supplemental Appropriation Act approved at the end of that month provided for an Economic Adviser to the President and a small staff to perform the functions previously assigned to the Council. The functions remained with the new Economic Adviser until the end of July 1953, when they were restored to the Council as reconstituted under the Reorganization Plan transmitted by the President to the Congress on June 1. In accordance with this Plan, the Council has operated during the past 7½ years as a source of professional advice to the President and the Administration generally.

It is useful to recall also that the President's message to the Congress, which accompanied Reorganization Plan No. 9 of 1953, announced the establishment of an Advisory Board on Economic Growth and Stability, under the chairmanship of the Chairman of the Council of Economic Advisers. This Board, composed of high officials of those Federal departments and agencies having a major responsibility in economic matters, was designed to enhance the effectiveness of the Council at the top policy level of the Executive Branch by providing a forum for regularly scheduled interdepartmental discussion of economic policy questions. The Board has met weekly with the Council for this purpose; and for the past year and a half, it has included in one meeting each month the heads of all major Federal lending, loan insuring, and loan guaranteeing agencies. These monthly meetings have given the heads of Federal credit agencies, who are responsible for transacting financial business that runs into many billions of dollars annually and has a profound effect on the economy, an opportunity to exchange views with senior policy officials of other Federal departments on the state of the economy and on the most effective orientation of their agencies' policies.

Member agencies of the Advisory Board on Economic Growth and Stability are presently represented by the following officials:

Department of State—Edwin M. Martin, Assistant Secretary for Economic Affairs

Department of the Treasury—Julian B. Baird, Under Secretary

Department of Agriculture—True D. Morse, Under Secretary  
Department of Commerce—Philip A. Ray, Under Secretary  
Department of Labor—James T. O'Connell, Under Secretary  
Department of Health, Education, and Welfare—Bertha Adkins,  
Under Secretary  
Board of Governors of the Federal Reserve System—Abbot L. Mills,  
Member of the Board  
Bureau of the Budget—Elmer B. Staats, Deputy Director  
Export-Import Bank of Washington—Samuel C. Waugh, President  
The White House Office—Don Paarlberg, Special Assistant to the  
President  
Council of Economic Advisers—Raymond J. Saulnier, Chairman

### *Council Activities*

As prescribed in the Employment Act of 1946, the Council continued in 1960 to analyze economic developments for the President, reviewed and evaluated many different legislative proposals and administrative actions for their effect on the stability and growth of our economy, made recommendations from time to time to the President for policies that would help promote high levels of employment, production, and purchasing power, and assisted the President in the preparation of his annual Economic Report to the Congress.

The Chairman of the Council, accompanied by the other Council members, testified before the Joint Economic Committee of the Congress on the 1960 *Economic Report of the President*. At this Committee meeting, the character and effectiveness of economic policies in 1959 were reviewed, the economic prospects for 1960 were appraised, and the President's recommendations for policies to promote economic growth and price stability in 1960 were examined.

The Chairman, accompanied by the other members of the Council, also testified on S. 64, a bill which would have amended the Employment Act to make relative stability of prices an explicit aim of Federal economic policy, and on S. 2382 which would have amended the Employment Act to give the President authority to hold hearings on proposed price and wage increases and to report, and make recommendations, on such increases; in the testimony, the possible adverse consequences of the changes proposed in the latter bill were pointed out.

Participation in international meetings here and abroad continues to be an important part of the Council's activities. In the past year, two members of the Council and members of the Council's staff took part in meetings held in Paris under the auspices of the Organization for European Economic Cooperation (OEEC), and prepared, as in previous years, a report, for use in the OEEC's annual review, of economic conditions in the United States. All members of the Council participated in preparatory work for the new Organization for Economic Cooperation and Development. The Council and members of its staff received various visiting

groups of economists and officials from other countries and international organizations, and two members of the Council staff held a number of seminars for foreign businessmen, educators, students, and Government officials.

As the law prescribes, in performing these functions the Council drew heavily on the resources of the operating departments and agencies of the Federal Government and availed itself fully of the information and counsel of private individuals and groups. The Council met during the year with representatives of industrial, commercial, and financial concerns, and with university economists, representatives of agriculture, industry, and labor, and various other groups and individuals to consider business conditions, the economic outlook, and policies affecting the growth and stability of our economy. Throughout the year, Council staff members were in touch with experts in other Government departments and agencies and with private individuals and groups. Through its Chairman, the Council reported frequently to the President on current economic developments and their implication for the achievement of the objectives of the Employment Act.

### *Council Membership*

The Council membership remained unchanged during the year.

Dr. Saulnier has served as Chairman of the Council since December 1956. He is on leave of absence from Barnard College, Columbia University, where he is Professor of Economics, and from the National Bureau of Economic Research.

Dr. Brandt, who has been a member of the Council since November 1958, is on leave of absence from Stanford University, where he is Professor of Economic Policy and Associate Director of the Food Research Institute.

Dr. Wallich has served as a member of the Council since April 1959. He is on leave of absence from Yale University, where he is Professor of Economics.

### *Council Staff*

The Council is assisted by a staff of 12 senior economists and statisticians who are experts in their fields. Each staff member is responsible for obtaining the cooperation of other Government agencies and of business, labor, and other private groups in analyzing and evaluating economic developments in his assigned areas, and for keeping the Council advised of current and foreseeable developments. The full-time staff members are Bernard S. Beckler, Harold F. Breimyer, Henry W. Briefs (on leave from Georgetown University), Samuel L. Brown, Robert C. Colwell, Peter G. Fousek (on leave from the Federal Reserve Bank of New York), Frances M. James, Marshall A. Kaplan, David W. Lusher, Walter F. Stettner, and Collis Stocking, who is also Administrative Officer of the Council. Charles A. Taff, of the University of Maryland, serves as a Consultant to the Council. Irving H. Siegel, who served as a Consultant in the preparation of this Report, resigned

from the Council Staff in September 1960, to join the Operations Research Office of Johns Hopkins University. Hal B. Lary resigned from the Council staff in July 1960, to join the National Bureau of Economic Research as Associate Director of Research.

#### *Committees and Task Forces*

The Council members and staff participated during the year in the work of a number of important committees and task forces within the Government. The Chairman of the Council served as a member of the Cabinet Committee on Price Stability for Economic Growth, chaired by the Vice President of the United States. He also served as a member of the informal group which discussed problems of financial policy with the President; the other members were the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and the Special Assistant to the President with responsibilities in the economic area.

The Chairman of the Council regularly attended Cabinet meetings, special meetings on legislative matters, and meetings of the National Security Council at which economic matters were discussed. Members of the Council and its staff participated in the work of the Planning Board of the National Security Council.

The Chairman of the Council served as Chairman of the Cabinet Committee on Small Business, was a member of the Board of the Federal National Mortgage Association, represented the Council on the Civil and Defense Mobilization Board and on the President's Special Committee on Financial Policies for Postattack Operations, and served on the Interagency Task Force for Implementation of the Program for Increases in the Export Sales of the United States.

Dr. Brandt served as a member of the interdepartmental Committee for Rural Development Program, under the chairmanship of the Under Secretary of Agriculture, and as a member of the interagency work group on research and analysis of the Federal Council on Aging; on a panel of the Annual Outlook Conference of the Department of Agriculture; on a panel of the National Conference on Water Pollution called by the Surgeon General; and as Chairman of an interdepartmental working party of experts on long-term economic projections to assist the Department of State in formulating the United States position on this subject in the United Nations. He also attended regularly the meetings of the Council on Foreign Economic Policy.

Dr. Wallich participated in the work of the National Advisory Council, attended the first meeting of the Board of Governors of the Inter-American Development Bank in San Salvador, and participated in the negotiations with representatives of the German Government in Bonn in November 1960. He also served as a member of the interdepartmental Committee to Coordinate Federal Urban Area Assistance Programs, under the chairmanship of the Under Secretary of Commerce.

### *Publications Work*

In keeping with its responsibilities under the Employment Act, the Council assisted the President in the preparation of his annual Economic Report to the Congress. Copies were distributed to members of the Joint Economic Committee, all other members of the Congress, departments and agencies of the Government, representatives of the press, and depository libraries throughout the country. There was a large demand for the 1960 Report. The Superintendent of Documents sold to the general public his entire supply of 21,000 copies.

The Council prepares *Economic Indicators*, a monthly compendium of current economic statistics published by the Joint Economic Committee of the Congress. During the year, the Council, in cooperation with the staff of the Joint Economic Committee, completed an extensive revision of *Economic Indicators*, to make greater use of seasonally adjusted data and present additional information on a number of topics, including unemployment and the balance of payments. Copies of *Economic Indicators* are distributed to all members of the Congress and to depository libraries. In addition, 10,000 copies of each monthly issue are sold by the Superintendent of Documents to subscribers and others.

The Council participated in the preparation of the *Third Progress Report by the Cabinet Committee on Small Business*. The Report was published and issued by the Council for the Committee.

### *Council Funds*

For the fiscal year 1961, the Congress appropriated \$390,000 for the Council's activities. This total was \$5,000 less than the amount appropriated for the fiscal year 1960. Since the date of Congressional approval of the appropriation, there has been an additional annual cost of \$21,000 as a result of Public Law 86-568, which increased Federal employees' salaries. This amount is being included in a supplemental budget request to be presented to the Congress.

