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**Appendix A**

**REPORT TO THE PRESIDENT ON THE ACTIVITIES OF  
THE COUNCIL OF ECONOMIC ADVISERS DURING 1967**

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## LETTER OF TRANSMITTAL

JANUARY 5, 1968.

THE PRESIDENT.

SIR: The Council of Economic Advisers submits this Report on its activities during the calendar year 1967 in accordance with the requirements of Congress, as set forth in section 4(d) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY, *Chairman.*

JAMES S. DUESENBERY.

ARTHUR M. OKUN.



## Report to the President on the Activities of the Council of Economic Advisers During 1967

The year 1967 was one of intensive activity for the Council of Economic Advisers. The period of economic readjustment between the inflationary boom of 1966 and the renewed advance that became so clearly evident late in 1967 demanded careful watch and continuous analysis of the sometimes uncertain economic signals. Convinced through this watch and analysis that a second-half recovery was developing along the lines of its forecast of last January, which threatened to become too exuberant in 1968, the Council contributed in a major way to the development of the President's fiscal program of last August, as well as the budgetary program for fiscal year 1969. Late in the year, it participated intensively in developing the balance-of-payments program announced on January 1, 1968.

Throughout the year, its studies contributed to the development and evaluation of programs to deal with emerging problems in employment and unemployment, manpower training and utilization, farm problems and policies, energy resources, environmental protection, income maintenance, consumer problems, monetary policy and financial markets, tax structure, export expansion, housing and urban affairs, the war on poverty, budgetary concepts, stockpile policy, Federal statistics, international economic cooperation, international monetary reform, and many others.

As in earlier years, the Council continued to give leadership to the Government's efforts to induce responsible restraint on the part of business and labor in price and wage decisions. Although its failures to obtain desired cooperation were obvious to all, it also had significant successes which must remain confidential.

### COUNCIL MEMBERSHIP

Gardner Ackley, Arthur M. Okun, and James S. Duesenberry continued to serve as Council members in 1967, with Mr. Ackley as Chairman. Messrs. Ackley and Duesenberry were on leave from the University of Michigan and Harvard University, respectively. As the President announced on January 1, Mr. Ackley has been nominated as Ambassador to Italy and will be leaving the Council shortly. Mr. Okun has been designated to succeed to the Chairmanship, and Merton J. Peck of Yale University has been nominated as the new member of the Council.

Following is a list of all past Council members and their dates of service:

Name	Position	Oath of office date	Separation date
Edwin G. Nourse	Chairman	August 9, 1946	November 1, 1949.
Leon H. Keyserling	Vice Chairman	August 9, 1946	
	Acting Chairman	November 2, 1949	
John D. Clark	Chairman	May 10, 1950	January 20, 1953.
	Member	August 9, 1946	February 11, 1953.
	Vice Chairman	May 10, 1950	
Roy Blough	Member	June 29, 1950	
Robert C. Turner	Member	September 8, 1952	August 20, 1952.
Arthur F. Burns	Chairman	March 19, 1953	January 20, 1953.
Neil H. Jacoby	Member	September 15, 1953	December 1, 1956.
Walter W. Stewart	Member	December 2, 1953	February 9, 1955.
Joseph S. Davis	Member	May 2, 1955	April 29, 1955.
Raymond J. Saulnier	Member	April 4, 1955	October 31, 1958.
	Chairman	December 3, 1956	January 20, 1961.
Paul W. McCracken	Member	December 3, 1956	January 31, 1959.
Karl Brandt	Member	November 1, 1958	January 20, 1961.
Henry C. Wallich	Member	May 7, 1959	January 20, 1961.
James Tobin	Member	January 29, 1961	July 31, 1962.
Kermit Gordon	Member	January 29, 1961	December 27, 1962.
Walter W. Heller	Chairman	January 29, 1961	November 15, 1964.
John P. Lewis	Member	May 17, 1963	August 31, 1964.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.

### COUNCIL STAFF

At the end of 1967, members of the Council's professional staff were John F. Burton, Jack W. Carlson, Christopher K. Clague, Thomas F. Dernburg, Peter P. Dorner, Catherine H. Furlong, Raymond W. Goldsmith, Hendrik S. Houthakker, Saul H. Hymans, Frances M. James, Lawrence B. Krause, David W. Lusher, Carey P. Modlin, Joseph D. Mooney, Saul Nelson, Roger G. Noll, Frank W. Schiff, and Charles B. Warden, Jr.

Each year a number of staff members who have joined the Council on a temporary basis return to their posts in private life or in Government. Those leaving the Council in 1967 were Henry J. Aaron, Shirley M. Almon, G. Paul Balabanis, Guy Black, Donald E. Cullen, Stanley L. Friedlander, Stephen M. Goldfeld, David T. Kresge, Wilfred Lewis, Jr., and Alfred Reifman.

Continuing its practice of asking leading members of the economics profession to assist in the analysis of economic problems, the Council in 1967 called on the following consultants: Henry J. Aaron, James T. Bonnen, William H. Branson, Richard N. Cooper, John T. Dunlop, Otto Eckstein, Stephen M. Goldfeld, Kermit Gordon, Walter W. Heller, Myron L. Joseph, David T. Kresge, Susan J. Lepper, Wilfred Lewis, Jr., Paul W. MacAvoy, Edwin S. Mills, Richard A. Musgrave, Joseph A. Pechman, Merton J. Peck, George L. Perry, Melvin Rothbaum, R. Robert Russell, Paul A. Samuelson, Warren L. Smith, Robert M. Solow, Daniel B. Suits, Charles A. Taff, Paul J. Taubman, Lester C. Thurow, James Tobin, Robert C. Turner, and Lloyd Ulman.

The Council continued its graduate student intern program, which was started in 1961. Those working with the Council for various periods in 1967 were Glenn Brewster, Albert J. Eckstein, Lawrence J. Fulco, James J.

Heckman, Dale W. Henderson, Peter Isard, Robert I. Lerman, Stephen P. Magee, Myron G. Myers, Ralph E. Pochoda, Dennis M. Roth, Richard L. Schmalensee, Courtenay M. Slater, Earl M. Unger, and Andrew J. Winnick. Research assistants included Carol S. Burke, Charlotte Fremon, Claudia D. Goldin, Helen Reynolds, and Elizabeth A. Rothman.

As in the past, the Council received loyal and energetic assistance from its nonprofessional staff. Members of this staff at the end of 1967 were Dorothy Bagovich, Teresa D. Bradburn, Louis P. Brighthaupt, Gladys R. Durkin, Catherine Fibich, James W. Gatling, Elizabeth F. Gray, Laura B. Hoffman, Christine L. Johnson, Bessie M. Lafakis, Betty Lu Lowry, Eleanor A. McStay, A. Keith Miles, Joyce A. Pilkerton, Earnestine Reid, Gail Roberts, Lucille F. Saverino, Bettye T. Siegel, Daisy M. Sindelar, Nancy F. Skidmore, Margaret L. Snyder, Carolyn T. Welch, and Elizabeth A. Zea.

### COUNCIL ACTIVITIES

The Council of Economic Advisers was established as an agency of the Federal Government nearly 22 years ago by the Employment Act of 1946. Under the Act, the Council is charged with the responsibility of analyzing and interpreting economic developments and of recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power."

The Council's chief responsibility is to keep the President fully informed of economic developments and emerging problems which may affect the Nation's economy. To meet this responsibility, the Council continuously reviews economic conditions, undertakes special studies of particular problem areas, and makes recommendations concerning Government programs and policies. The Council confers regularly with all major Government agencies having responsibilities in the economic field.

The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council and their respective staffs (the "Troika") provide the President with a continuous joint assessment of the economic and budgetary outlook for the current and subsequent fiscal years. The heads of the "Troika" agencies and their associates, together with the Chairman of the Board of Governors of the Federal Reserve System, meet periodically as the "Quadriad" with the President to discuss domestic and international monetary problems.

In addition to its regular and informal consultations with other Government agencies, the Council and its staff in 1967 participated with other agencies in a large variety of more formal committees, task forces, and studies.

The Council and its staff represent the United States in a number of important international conferences. The Council Chairman heads the U.S. delegation to the meetings of the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD), and mem-

bers of the Council and its staff this year participated in a dozen or more other international meetings under the auspices of the OECD. The Chairman was a member of the U.S. Cabinet-level delegations which meet annually with similar delegations of the Canadian and Japanese Governments. The Council also was involved in activities of the U.N. Economic Commission for Europe.

An important responsibility of the Council is to explain and clarify the Administration's economic policies, both within the Government and to the public at large. This is done through numerous speeches, articles, press briefings, statements, congressional testimony, its Annual Report, and by assisting the President in the preparation of his Economic Report. The Council meets frequently and informally with many individuals and groups both from the United States and abroad, including businessmen, bankers, labor leaders, government officials, university scholars and students, members of the press corps, and interested private citizens, and more formally with a number of advisory groups, including the President's Advisory Committee on Labor-Management Policy and the Business Council's Liaison Committee with the Council of Economic Advisers.

The Council prepares two documents for publication. One is the *Economic Report of the President*, together with the *Annual Report of the Council of Economic Advisers*. Over 73,000 copies of the 1967 Report were distributed to Members of the Congress, Government officials, the press, depository libraries, or sold to the public by the Superintendent of Documents. The second is the monthly *Economic Indicators*. This important compilation of current economic statistics has been prepared since 1948 at the Council under the direction of Miss Frances M. James, and is published by the Joint Economic Committee of the Congress. More than 10,000 copies are furnished to Members of Congress and depository libraries, or sold to the public every month.