
Appendix A

**REPORT TO THE PRESIDENT ON THE ACTIVITIES OF
THE COUNCIL OF ECONOMIC ADVISERS DURING 1966**

LETTER OF TRANSMITTAL

DECEMBER 31, 1966.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1966 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 1966

Throughout 1966 the Council of Economic Advisers was confronted with the challenge of analyzing the problems and opportunities of a prosperous economy, now at full employment for the first time in more than a decade. The problem of reconciling full employment and price stability introduced a new emphasis into every area of the Council's work—fiscal and monetary analysis, examination of manpower problems and of programs for efficiency in industry, and study of balance of payments issues. Some of our specific activities in the price area are described more fully in our Annual Report. In recent months the pressures on prices seem to have been more restrained, as economic policies have sought to turn the expansion along the path of full employment growth. The challenge for the Council in 1967 is to contribute to the shaping of policies that will maintain expansion along that path.

COUNCIL MEMBERSHIP

Gardner Ackley and Arthur M. Okun continued to serve as Council members in 1966, with Mr. Ackley as Chairman. James S. Duesenberry joined the Council on February 2, replacing Otto Eckstein who returned to his position as Professor of Economics at Harvard University. Messrs. Ackley, Okun, and Duesenberry are on leave from the University of Michigan, Yale University, and Harvard University, respectively.

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	
	Chairman	May 10, 1950	January 20, 1953.
John D. Clark	Member	August 9, 1946	
	Vice Chairman	May 10, 1950	February 11, 1953.
Roy Blough	Member	June 29, 1950	August 20, 1952.
Robert C. Turner	Member	September 8, 1952	January 20, 1953.
Arthur F. Burns	Chairman	March 19, 1953	December 1, 1956.
Neil H. Jacoby	Member	September 15, 1953	February 9, 1955.
Walter W. Stewart	Member	December 2, 1953	April 29, 1955.
Joseph S. Davis	Member	May 2, 1955	October 31, 1958.
Raymond J. Saulnier	Member	April 4, 1955	
	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 1966, members of the Council's professional staff were Henry J. Aaron, Shirley M. Almon, G. Paul Balabanis, Guy Black, Jack W. Carlson, Donald E. Cullen, Stanley L. Friedlander, Catherine H. Furlong, Stephen M. Goldfeld, Frances M. James, David T. Kresge, Wilfred Lewis, Jr., David W. Lusher, Carey P. Modlin, Jr., Saul Nelson, Alfred Reifman, 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 1966 were John J. Arena, Stanley W. Black, John W. Dorsey, Jr., Theodore J. Goering, Susan J. Lepper, Paul W. MacAvoy, Benjamin A. Okner, Theodore K. Osgood, R. Robert Russell, Martin Segal, Lewis J. Spellman, and Paul J. Taubman.

Continuing its practice of discussing economic developments and problems with leading members of the economics profession, the Council in 1966 called on the following consultants: W. H. Locke Anderson, G. Leland Bach, James T. Bonnen, William G. Bowen, William H. Branson, William M. Capron, Benjamin Chinitz, Gerhard Colm, Richard N. Cooper, Peter P. Dorner, John T. Dunlop, Otto Eckstein, R. Aaron Gordon, Kermit Gordon, Walter W. Heller, Myron L. Joseph, Carl Kaysen, Stanley Lebergott, Allen H. Lerman, Harold M. Levinson, John V. Lintner, Jr., Edwin S. Mills, Richard A. Musgrave, Joseph A. Pechman, Merton J. Peck, Frank C. Pierson, George L. Perry, Albert E. Rees, Melvin Rothbaum, Paul A. Samuelson, Robert M. Solow, Daniel B. Suits, Charles A. Taff, Lester D. Taylor, Lester C. Thurow, James Tobin, and Robert C. Turner.

The Council extended into the winter months its graduate student intern program, which was started in 1961 and, until 1966, had been carried on in only the summer months. Graduate students working with the Council for various periods in 1966 were Arthur J. Alexander, Barry P. Bosworth, Terrence R. Colvin, Robert J. Flanagan, E. Duncan Moose, Larry B. Morse, Ralph E. Pochoda, and Kenneth R. Smith.

As in the past, the Council received loyal and energetic assistance from its nonprofessional staff. Members of this staff at the end of 1966 were Dorothy Bagovich, Teresa D. Bradburn, Louis P. Brighthaupt, Carrie E. Bryant, Carol S. Burke, Gladys R. Durkin, Catherine Fibich, Charlotte Fremon, James W. Gatling, Laura B. Hoffman, Christine L. Johnson, Constance R. King, Bessie M. Lafakis, Patricia A. Lee, June A. Liverman, Dorothy L. Reid, Earnestine Reid, Gail Roberts, Bettye T. Siegel, Daisy M. Sindelar, Nancy F. Skidmore, Roselle Smith, Margaret L. Snyder, Mary Alice Spriggs, Miriam E. Vincent, and Elizabeth A. Zea.

In 1966, as in earlier years, the Council relied upon the editorial skills of Miss Dorothy Wescott in preparing the Annual Report.

COUNCIL ACTIVITIES

The Council of Economic Advisers was established as an agency of the Federal Government nearly 21 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, and, where appropriate, analyze the effects of alternative fiscal policies. 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. Joint staff work among the "Quadriad" agencies contributed in 1966 to improved coordination of fiscal and monetary policies.

In addition to its regular and informal consultations with other Government agencies, the Council and its staff in 1966 participated with other agencies in a large variety of more formal committees, task forces, and studies. Although the results of most of these activities are for use only within the Government, two studies in which the Council participated were published in 1966—the reports of the Northeast Desalting Team and of the Interagency Energy Study. Other projects and studies related to such diverse problems as environmental pollution, income maintenance, high energy transmission, cost effectiveness in the Federal Government, economic impact of disarmament, manpower activities, balance of payments problems, and the operation of financial institutions.

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 members 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 and Mr. Okun were members, respectively, of the U.S. Cabinet-level delegations which meet annually with similar delegations of the Cana-

dian and Japanese governments. The Council also was involved in activities of the UN 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 visiting scholars, officials of foreign countries, men and women from the press corps, businessmen, labor leaders, State officials, bankers, 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 70,000 copies of the 1966 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 9,000 copies are furnished to members of Congress, depository libraries, or sold to the public every month.