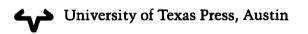
Managing Macroeconomic Policy THE JOHNSON PRESIDENCY

By James E. Anderson and Jared E. Hazleton



Contents

Foreword by Emmette S. Redford xi Acknowledgments xiii 1. The President as Economic Manager 1 The Development of Presidential Responsibility 2 The Goal: Economic Stability 5 Concluding Comments 7 2. The Johnson Administration: Structure and Policy 11 The President's Role and Style II The Economic Subpresidency Concept 13 The Johnson Record: An Overview 31 A Concluding View 41 3. The Management of Fiscal Policy 43 Some Preliminary Considerations 44 The Development of Fiscal-Policy Proposals 46 Illustrations of Fiscal-Policy Management 55 Improving the Fiscal-Policy Process 77 Concluding Comments 83 4. The Management of Monetary Policy 86 The Structure of the Federal Reserve System 87 Independence of the Federal Reserve 89 Coordination of Monetary Policy 94

The Role of the President 105 The December 1965 Conflict 121 The Issue of Reform 134 Concluding Comments 136 5. The Management of Wage-Price Policy 140 The Wage-Price Guideposts 142 Administering the Guideposts: Organization 148 Enforcement Techniques 158 The Cabinet Committee on Price Stability 170 Guidepost Management: An Appraisal 173 6. The Management of Foreign Economic Policy 178 Organization and Staffing 180 The Management of Balance-of-Payments Policy 186 Reform of the International Monetary System 210 Concluding Comments 219 7. Conclusions 227 Johnson as Economic Manager 227 The Macroeconomic Subpresidency 229 The Tasks of Macroeconomic Management 233 Final Comments 237

Notes 241

Index 273

Tables

- 1. The Council of Economic Advisers during the Johnson Administration 18
- 2. Memorandums, Council of Economic Advisers to the President, May 1966 22
- 3. The U.S. Economy: The 1960s 41

- 4. Fiscal Year 1967 Proposed Budget Reduction 69
- 5. Fiscal Year 1967 Budget Reductions: A Partial View 71
- 6. Wage-Price Analysis and Action Checklist 163

Figure

1. Memorandum of Agreement: The 1966 Tax Proposal 75