

**THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS**

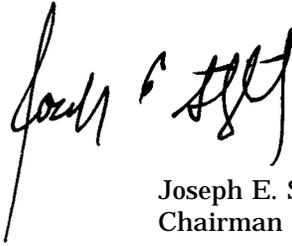
LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., February 10, 1997.

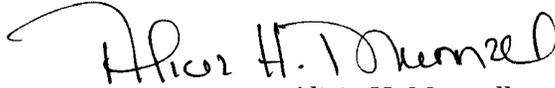
MR. PRESIDENT:

The Council of Economic Advisers herewith submits its 1997 Annual Report in accordance with the provisions of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

Sincerely,



Joseph E. Stiglitz
Chairman



Alicia H. Munnell
Member



Jeffrey A. Frankel
Member-Nominee