

Professor Slichter, for example, argued that under current conditions of setting wages and with the great influence of the strong trade unions it was not possible to prevent increases in wages that tend to bring about higher prices. He then said that it is better to allow some rise in prices and maintain output at a high level than to try to stop the rise of prices associated with higher wages and, therefore, tend to bring about reduced output and a recession. Though Slichter was willing to admit that in the past growth had been accomplished by both rising and falling prices, he did not believe that this was possible in the future; it is inevitable that growth would be accompanied by a rise of prices.⁴

THE CASE FOR GROWTH

Growth rate is important for many reasons. The greater the growth, the larger the income and, therefore, the more available for our needs for consumption as well as for investment. In this connection, it can also be pointed out that, on the whole, the present administration has tended to favor investment as the main objective of economic policy rather than increased consumption. Yet we all know that one of the serious problems of maintaining an adequate demand for our highly productive economy is to maintain consumption at an adequate level. There is no use turning out more and more investment goods if the buying power is not available.

The higher the rate of economic growth, the more will be available to meet the needs of the people that cannot be met through private spending. In other words, a more rapid rate of growth means much larger income and increased capacity to spend for schools, roads, health, urban redevelopment, and similar services on which we are underspending now. For example, the Rockefeller report shows that, as compared to \$86 billion Government purchases of goods and services in 1957, Government purchases of goods and services with a growth rate of 4 percent might yield \$153 billion in 1967.

On the assumption of expected increases in population and relatively small amounts of unemployment, and continued rise of productivity, we can make reasonable guesses about our future gross national product (GNP). For example, a study by the McGraw-Hill Co. in 1956 estimated that the GNP in 1955 was at \$391 billion at that time, and on assumptions in the table, would rise to \$653 billion by 1970, or an increase of almost two-thirds.

	Gross national product	Workers	Hours per week	Output per man-hour
	<i>Billions</i>	<i>Millions</i>		
1955.....	\$391	63.1	39.9	\$2.99
1970.....	653	80.5	36.0	4.33

Source: Hearings, Joint Economic Committee on "World Economic Growth and Competition," 1956, p. 13.

In a study of economic growth the CED showed that the average annual rise since 1880 was 3 percent (a doubling in 20 years as the gains are compounded), and in the last 10 years, roughly 4 percent.

⁴ See hearings, Joint Economic Committee, 1959, on "Employment, Growth, and Prices," pp. 6-11.