will make possible a somewhat higher rate of growth in the future than over the past 50 years.

2. The gross stock of private plant and equipment in constant prices is assumed to grow between 2.2 percent and 3.2 percent per year over the next 15 years compared to an average of about 2.2 percent per year over the preceding half century. It is notable that the average rate of increase over the past 50 years has been held down by the fact that between 1929 and 1939 there was very little growth in the stock of capital due to the low levels of investment during this decade. In fact, from 1930–31 until 1945 the growth in gross capital stock (K) was barely sufficient to keep pace, on the average, with the rise in the potential labor input (Lp) so that the capital-labor ratio remained almost constant for over a decade. There was a capital widening to keep up with growth in the labor supply, in other words, but no capital deepening to contribute to a rise in the productivity of the system.

3. The average age of the capital stock is assumed to remain constant or decline slightly over the next 15 years, whereas the average age of the capital stock actually increased over the preceding 50 years, reaching a peak during World War II and declining since that time. (See chart IV, p. 24.) The average rate of increase over the entire 50-year period was about one half of 1 percent a year, but over most of the period (1909–45) the rate of increase was slightly over 1 percent per year. Since an increase in the average age of the capital stock tends to retard the rate of growth, and a decline in the average age tends to stimulate the rate of growth, this factor will be a modest stimulant to the economy over the next 15 years, whereas it has been a restrictive influence over most of the preceding half century.

It should be noted that the different assumptions as to the rate of employment (or unemployment) have little direct impact on the rates of growth projected to 1975. In fact, the direct effect would show up in the second or third decimal place, if at all. The differences in this assumption have their effects indirectly through effects on the other variables: Labor force, hours of work, capital stock, age of capital, and composition of demand.

In general, the assumptions chosen for these three projections are conservative. Competent students of the various component factors have prepared analyses of historical tendencies and future prospects under reasonably prosperous conditions which would lead to even higher rates of growth. (39) Indeed, no allowance has been made in these projections for an acceleration in the time trend which has prevailed over the last 50 years. This time trend of approximately 2 percent per year expresses the average influence over the past half century of a wide range of forces which we could not measure directly but which have strong influences on the growth of the economy. These include the level and progress in educational achievements for the population, the extent and nature of research and development efforts, and any changes in the speed with which improved production arrangements—other than those requiring significant changes in the capital stock per man-hour—are introduced throughout the production processes.

It would not be at all surprising if the accelerated rate of research and development of recent years, assuming this continues in the future, should have some tendency to accelerate the rate of growth through its impact on the state of technology. Nor would it be sur-