record was notably better. "Full employment" years in those two decades outnumbered those when output was subpar by about 2 to 1.

Interpretations of this experience will differ, but one conclusion is clear. The economy for several years has had an evident lack of bounce and steam. Our current problem is more than just one of those normal momentary air pockets in a cyclical expansion.

Second, the current cyclical expansion (beginning after February 1961) has turned out to be the weakest since the First World War. During the 16 months from February 1961 to June 1962, nonagricultural employment gained 3.6 percent. The average employment gain in the first 16 months of the eight other cyclical expansions since World War I was 11.3 percent, and even following the hardly discernible recession of 1927 employment increased 7.6 percent. The improvement in industrial production this time has been less than in any of the other cyclical expansions since the First World War. The same is true for gross national product. The gain in retail sales has been slightly greater than that following July 1921, and November 1927, but it falls considerably short of those after the other six recessions. The facts can usefully be summarized something like this. The data in table I show the gains in eight measures of business activity during the first 16 months of each cyclical expansion since World War I. If data were fully available it would be possible to make 64 comparisons of the current cyclical expansion with others—for each of eight measures of business activity comparing the post-1961 gain with that during the eight other cyclical expansions. Since for earlier periods some data are not available, only 55 such comparisons can be made. In 48 of these 55 the comparison is unfavorable to the performance since early last year, in 6 there is a favorable comparison, and in one case it is a tie.

That the current cyclical expansion has been a particularly weak and sluggish one is quite evident from these facts. It is the Nation's poorest performance in four decades, and probably one of the poorest in our history. It is, of course, true that expansions after very mild recessions (such as the one in 1960–61) tend to be on the mild side, but the current expansion is weak even relative to that following the 1927 recession.

Third, we are beginning to wonder if the present expansion will turn out to be not only the weakest but also one of the shortest in the postwar period. We must beware of attaching excessive importance to very current data. On the other hand, certain facts are undeniably disturbing. The gain in business activity during June (the last month at the moment for which data are fully available) was about one-third the average monthly gain since the present expansion got underway. There is also some evidence in the data in table II of a slowing down in the expansion throughout the second quarter. Moreover, it is clear that business sentiment has been adversely affected by events in recent months. The stock market break has had a substantial effect on the thinking of both business people and consumers.

Many businessmen were alarmed by the inferences they drew from the administration's handling of the steel price dispute, even though they did not support the actions of the steel industry. It would be reasonable to expect that an already anemic expansion would at least not be helped by the adverse cumulative effect of these more or less fortuitous developments.

Finally, leading indicators generally have not been looking strong for some time. New orders for durable goods have been declining since January, and the June fall was fairly sharp. The length of the workweek moved downward in May and again in June. In fact, the most recent data available for the 30 leading indicators in Business Cycle Developments show 18 of them declining and 12 rising. Leading indicators are, of course, difficult to interpret. They can be affected by capricious developments, and in any case the length of the leads is quite variable. It would be difficult, however, to give their present pattern a very optimistic interpretation.

If this review of the current economic situation is realistic, we clearly face more than the problem of an off 1 or 2 months in the inevitably somewhat irregular path of a cyclical expansion. It is more accurate to say that we confront an uncertain short-run business outlook following upon a particularly weak cyclical expansion—all of this superimposed upon an economic performance that has been subpar for some years.