

there have been two very good books on the subject, one by Robert Lampman and one by Professor Kelso, which support what I have been saying all along: under conditions of low economic growth and high unemployment, we have had a regressive redistribution of national income in recent years.

The appropriate remedy is to reverse the regressive trends in income distribution which have been persistent in recent years, and which cause too much saving relative to consumer spending because higher income families save more while lower income families spend more relative to the size of their incomes.

I am not talking here about a share-the-wealth program or equalitarian program, but I think it is always the function of national policy to improve the equity of income distribution. This has been part of our long-range progress, and whether this is the purpose or not, every tax policy, every monetary policy, and every other basic economic policy, does affect income distribution, so we might as well look at what we are doing. The kind of tax cuts which I propose would be part of this appropriate remedy. Increased Federal spending would also be part of the remedy, because many of the public programs which need enlargement, such as in the fields of education, health, housing, and social security, improve the absolute and relative incomes of low-income and middle-income families. They also provide a great new mass market for business.

A vigorous trend in this direction would also be highly desirable on social grounds, which I have never regarded as outside the scope of national economic policy, in view of the fact that about two-fifths of all Americans now live in poverty or in some lesser degree of deprivation.

On the subject of monetary and credit policies, I would say this: I agree entirely, I may say here, with the very eloquent statement made by Senator Douglas in the New Republic this week, excoriating, if I judge him correctly, the recent and current monetary policy. It has been very much too tight. It has been wrong, all along.

I do not believe, however, that monetary policy is a substitute for fiscal policy. Also, monetary policy can be used much more easily to repress the economy rather than to expand it, because it is easier to pull a string than to push it. If you don't have the fundamental levels of demand about which I have talked, the mere amplitude of credit and money doesn't expand investment much and does not expand the economy much. I get to that in my analysis of the profit question.

Monetary and credit policies, since 1953 to date, have been too stringent to float an adequate rate of economic growth and, therefore, have contributed substantially to the chronic rise of idle manpower and plant. As an avowed brake upon inflation, when inflation was actually in process, the stringent monetary and credit policies have been a failure, because the structure and behavior pattern of the modern U.S. economy is such that tightening up on money and credit translates into repressed or reduced levels of employment and production long before it impacts upon the price structure.

For example, during the period of reasonably adequate economic growth, 1952-55, the average annual growth in total national production was 3.5 percent, the average annual growth in the nonfederally