Let's now look at my 23d chart. This shows that, in addition to the profit factor, there is the cash flow factor. In other words, even the high profit figures under conditions of low capacity utilization do not represent the real availability of funds for corporations. Here I analyze the organization of financing from internal sources, which is done through various types of internal sources, including depreciation, amortization, retained profits, and depletion allowances, so that what is actually happening is that even in some of the cases where there seems to be a profit squeeze, the Federal tax policy has been so liberal that really, for all practical purposes, there have been more investment funds available than at some earlier times when the figures were showing a better profit picture.

I have had an opportunity to analyze this difficulty for the railroad industry, and the difference between the figures when you just look at the profit trends for the railroads and the figures when you look at their true financial position, is fantastic in the case of some of these very large rail companies which are seeking merger on the ground that they are on the way to bankruptcy.

My final series of charts indicate the magnitude of the economic task confronting us. My 24th chart shows the needed increases in total national production, in various components of national production and income, and in employment. The goals for 1964 bring home how far current programs, and programs under active discussion, are short of the minimum requirements for restoring maximum employment and production even by 1964. My 25th chart shows the difference, 1953–56, between the high and the low growth rates. My 26th and 27th charts portray the nature of a Federal budget which would exert its appropriate role in an effective nationwide effort to restore and maintain maximum employment and production, and in helping to meet the great priorities of our public needs.

Now, what do all these charts show in substance, as I see them, as they bear upon fiscal policy? As they bear upon fiscal policy, they show first, that the problem in the American economy since 1953 has been the age-old problem of not being able to distribute what we can produce. It is an anomally that almost everybody agreed to this a few years ago, and almost everybody has forgotten it now.

Businessmen, conservatives, liberals, economists, were all saying the American economy has a genius for production, but doesn't know how to distribute what it could produce. Ultimately and basically, this is what unused plant and manpower mean, that we don't distribute what we can produce, and it certainly isn't because we are an affluent society. It certainly isn't because we don't have poverty in our midst.

Even since the great depression, we haven't learned to distribute what we currently can produce, and yet our economic policies during the last 9½ years, if I may say so, under Republican and Democratic administrations almost alike, have been wedded to a monetary policy, a tax policy, an interest-rate policy, and other policies which have aggravated rather than remedied these basic imbalances in our economy.