tendency of the subsequent recovery to lose momentum before reasonably satisfactory levels of economic activity had been reached.

We are not in a situation calling for radical emergency action. But we should be concerned with discovering and removing the barriers which prevent us from attaining fuller realization of our economic potential.

Two, although total economic activity showed a substantial growth over this period, two important elements did not participate fully in that growth—corporate profits and business investment expenditures. By contrast, consumer incomes and consumer expenditures have kept pace with the general growth.

The facts are summarized in the following table:

Percent increase, 1957 to 1st half of 1962

	Percent
Gross national product	+24.0
Corporate profits after tax	+15.0
Business expenditures for plant and equipment	-.2
Disposable personal income	+23.0
Consumer expenditures	+24.0
Compensation of employees	+25.0
Government expenditures	+38.0

I might say corporate profits have gone up much less. Business expenditures for plant and equipment have not gone up since 1957. Actually that figure shown for corporate profits after tax perhaps doesn't really adequately describe the degree to which profits have been stagnant in the postwar period generally. In the last decade, ever since 1950, corporate profits have fluctuated between $20 and $25 billion, and really have gotten no place in that period. They have gone up and down in cycles, but there has been no growth in corporate profits. While the gross national product, the dollar value of economic activity in the country has doubled.

These data certainly do not suggest that present economic difficulties are due to inability or unwillingness to spend on the part of the public generally. The problem centers rather on the inadequacy of profits and of business investment.

Three, costs of production have increased because wages have gone up faster than productivity. In recent years it has been impossible to recover such increased costs in higher prices. This is an important cause of the squeeze on profits already noted.

The relationship between the cost of an hour's work, and the output achieved by it, is summarized as follows:

Period	Percent change per year	
	Average hourly compensation	Output per man-hour
1947–53	6.2	2.7
1953–57	4.6	2.3
1957–61	4.0	2.5

NOTE.—The data apply to all employees of nonagricultural industries.

There has been a gap between those two figures. The cost of an hour's work has gone up faster than the physical yield from each hour's