I do not see any incompatibility between saying, on the one hand, that we must continuously give emphasis to the structure of our economy, the functioning of our markets, the effectiveness of the competitive private enterprise system in contributing to economic growth, and on the other hand that we must emphasize the great importance of credit policy, of fiscal policy, in posing obstacles to growth, acting as a drag on growth, as the President has put it, and in the present juncture of the economy acting in my opinion as a definite drag on full recovery.

With that introduction, I will attempt briefly to summarize my remarks.

While this committee's principal attention this month is directed toward the question of the adequacy of our present recovery, the question of whether it is grinding to a halt, and whether, therefore, there ought to be changes in our monetary and fiscal policies, it seems to me particularly important today to consider also the adequacy of our market institutions.

I say this for two reasons.

First of all, I think it is fairly clear that somewhere in the mid-1950's—I do not care whether one dates it in 1955 or 1957; it cannot be any later than 1957, and I would suggest 1955—the American economy apparently came to the end of a long boom in economic activity.

That boom was a 10-year boom, or a 15-year boom, depending upon whether one wants to include the World War II period. This is a familiar cyclical phenomenon throughout American history, and I think we make a mistake if we regard the development since 1955 or since 1957 as simply a short-run inventory kind of phenomenon that can be very simply resolved by supplying short-term stimulants for effective demand.

The symptoms of this long boom on the one hand and of the termination of that boom on the other are very familiar. The President made most of those symptoms familiar to us in the campaign in 1960. We have since 1955 witnessed sharply reduced rates of expansion in our gross national product, a definite trend, which, incidentally, is clearly documented in the report of this committee issued in March of this year, toward decreasing full utilization of our human and physical plant, and a tendency to rising units costs of production translated into rising prices.

The second reason why we must look to our market structure is, as this committee has become very much aware in the last few years, the threat that more satisfactory rates of growth may involve a renewal of creeping inflation. And we are increasingly sensitive to this danger because of the problems of our balance of payments, among other reasons.

In these circumstances I think it is very important for this committee to ask fundamental questions about whether a sustained and improved general expansion of our economy can, within the framework of our present market institutions, be rendered more truly compatible with stability in the general price level; with an improved rather than a deteriorated competitive position of American products in the world markets.

So, for this reason, it seems to me of particular relevance at this time to consider the extent to which the structure of our private mar-