growing. This depends on factors that cannot now be foreseen. Instead, we have concentrated upon a measure of the potential or maximum employment output of our economy or the best operation which it is believed the economy is capable of sustaining on the average, year after year, without running into serious instability of employment, output, or prices. We have concentrated upon the Nation's potential output, or what would be a reasonably good performance of the economy, maintaining a stable relationship between output and capacity, without at the same time finding ourselves faced with an unacceptable rate of inflation. For each year, therefore, the potential output level represents the amount the economy could produce at assumed rates of use of the labor force and of capital, and under the assumption that productive resources are used at something approaching an economist's notion of the least cost combination of inputs. It is, in a word, a practical man's idea of what the economy as a whole could do under usual operating conditions maintainable over long periods of time, without inflationary strain or breakdown on the one hand, or wasteful slack in the system on the other.

The potential economic growth is concerned with the increase over time in the Nation's practical output at high employment of labor and plant and equipment resources without significant inflation—ideally, in fact, without any upward price movement at all on the average. We shall specify below some alternative assumptions about what this practical rate of use of production resources might be. At this point, it is sufficient to say that what we have tried to estimate are practical targets, not blue sky wonders to be produced only under the forced draft of excess demand.

The estimates for the next 10 years that are presented in the pages that follow should not be called predictions or forecasts. They are, instead, projections on the basis of a given set of assumptions, internally consistent, and reflect past relationships and trends in the economy, as well as current and known policies, public and private. They cannot be c lled predictions because they do not allow for those changes, particularly noneconomic changes, that may alter past relationships or trends in the future. Indeed, the very fact that such projections are made for the longer term and are studied by policymakers can put into motion forces which lead to changes in public and private programs and hence in the actual outcome. One might almost say that the very purpose of making such projections is to bring about changes that will produce a better situation in the future than would result from a mere extrapolation of the past. In no case should the economist or the agency making a projection of this sort be charged with having been a poor forecaster if the projection itself prompts adjustments in public and private policies.

It should also be clear that this study concerns itself with a portrayal of the economy within the framework of the national income and product accounts, as published by the Department of Commerce, Office of Business Economics. This particular characteristic of the study must be emphasized since this affects the way in which the outcome is determined. While other conventions or premises might be used to view and measure the economy's performance, these particular accounts are the most thoroughly developed, accurate, and generally understood set of numbers. It is for this reason that they are utilized here. Their use enables also comparison in the stream