such a criticism is a criticism of the congressional process of allocating Federal funds for spending. But the data I think are also significant. Analysis of the patterns of debt increases in the postwar period reveals marked differences in the rates of growth between public and private debt. Federal debt has increased from $266 billion in 1950 to $328 billion at the end of April 1967, an increase of $62 billion. This is the smallest absolute increase in any of the major debt series.

State and local government debt increased from $20 billion in 1950 to $100 billion in 1966, an increase of $80 billion. Corporate debt increased from roughly $140 billion in 1950 to over $500 billion in 1966, an increase of $360 billion. Individual and noncorporate debt increased from $110 billion in 1950 to almost $500 billion in 1966, an increase approaching $400 billion. The latter as a percentage of disposable personal income rose from about 50 percent to almost 100 percent between 1950 and 1966.

Thus the increases in private debt have far exceeded the increases in public debt since 1950. This is not to decry the growth in private debt. I think a strong economic case can be made that the growth of both public and private debt has performed a constructive role in the postwar period. Basically the growth of debt is a form of financial intermediation in which the funds of the saving segments of our population can be productively utilized. The point I wish to emphasize is the irrational and unfounded objections to the growth of debt for the Federal Government (as well as for the State and local governments), as distinguished from private debt. If our more pressing needs are public ones, it makes as much sense to finance such long-term outlays with debt as for IBM to finance new computer systems with debt. And this underscores a point that Professor Samuelson made that really the only valid economic criterion we have to judge whether a prospective $10 or $20 or $30 or $40 billion increase in the Federal debt in any fiscal year is too high or too low is in relation to the job that it needs to perform with respect to the requirements for economic growth and stability during the period under consideration.

CONCLUSIONS

To conclude, the web of international events and pressures has cast its nets. In the evolution of developments that has occurred, we have moved by reluctant stages to a situation that really no one is happy with but from which it is difficult to extricate ourselves. In such a set of circumstances it is easy to criticize because there is much that is unsatisfactory even to those who are assigned responsibility for being the supposed architects of the policies and situation.

To summarize, then, three areas deserve our attention in relation to improving the situation.

First, is the need for greater flexibility in tax policy to keep the mix of monetary fiscal policy in proper balance.

Second, is the necessity of following through on commitments imposed by previous congressional actions and therefore the recognition of taking sociological considerations into our analysis as well as economic.

Third, is the requirement for instituting economic rationality for a number of political rituals that have interfered with sound economic performance by Congress.