more urgent. The Council has not specified a single numerical standard to be applied to wage increases in 1967. Such a numerical standard does not seem useful this year.

In any case, such a precise numerical standard has had in the past the unfortunate effect of making restraint appear to be a "yes" or "no" question. A 3.2 percent wage settlement was taken as evidence of restraint, a 3.4-percent settlement as no restraint, and a defeat for the policy. In fact, restraint and responsibility—or their opposites—constitute a continuous spectrum; and the more restraint and responsibility the better. A 4 percent wage settlement does involve more restraint than a 6-percent settlement, even though both of them may exceed the growth in productivity. In a given situation, a price reduction may be a more responsible action than a 1 percent price increase, yet the latter is to be preferred to a 3-percent increase.

Seventh, we will be working to narow the liquidity deficit in our balance of payments in 1967, and to retain a major share of the 1966 improvement in our official settlements balance. In particular, our trade balance should strengthen significantly through a slower rise in imports, reflecting the more moderate pace of domestic economic expansion and the lessening of specific pressures on productive capacity. To guard against a renewed excessive outflow of capital, the voluntary balance-of-payments programs have recently been strengthened; the President has asked for discretionary authority to vary, within limits, the rate of the interest equalization tax; and initiatives have been taken to achieve better worldwide cooperation in lowering interest rates. These seem to be bearing some fruit already. The President has also suggested new steps to promote foreign travel in the United States.

Eighth, the problem of poverty will continue to be attacked through the many weapons already at our disposal. In addition, the President has singled out for special attention in 1967 an expansion and improvement of training activities for the disadvantaged, and some steps to modernize our system of public assistance. The social security changes which he has recommended will, among other things, contribute to a reduction of poverty among the aged. And he has indicated his intention to ask a commission of prominent Americans to study the possible merits of entirely new ways of attacking the problem of poverty.

Ninth, and finally, the President's Report, and our own, look back on an amazing record of economic performance during the past year and the past 6. These accomplishments should give us confidence in our ability to find solutions to the economic problems remaining to be solved. In the last year alone, these are some of the achievements:

The largest increase in nonfarm payroll employment of any year in our history, except 1941 and 1942;

A nearly 5½-percent growth in real output;

A 3½-percent increase in the real per capita standard of living of the American people, led by a 7-percent increase in the real income of our farm operators, and including a 3-percent increase in the average real hourly compensation of employees.