

Chairman PROXMIRE. In addition to that you have the investment credit that was introduced a few years ago, and is coming back now we expect, and so on. I am talking about new ideas that we are looking forward to now.

We seem to be settling for a growth rate of only 4 percent, which we are told by the Department of Labor is not enough to sustain even the present level of employment or unemployment rate. I am wondering what new proposals we now are going to have to pick up our growth, other than the proposal of having an expansionary fiscal and monetary policy.

Mr. TROWBRIDGE. Well, Mr. Chairman, I would think that those are the really important tools to be used. I think it seems to me, in looking at this problem, that really Government has to set the framework in which economic growth comes, but it is the private sector that is going to do the job.

I personally tend to question the capability of the Government all by itself trying, through a series of programs, as well planned and defended as they might be, to solve all the problems. I think it is the job of Government to create that framework largely through monetary and fiscal policies, and let the business and labor communities get on with the job.

Chairman PROXMIRE. I understand that you have, that the Department of Commerce has a computer model of the U.S. economy. Would you tell us about that model, and whether or not you found it useful?

Mr. TROWBRIDGE. I would guess that you are talking about the input-output analysis that we have developed.

Chairman PROXMIRE. Yes.

Mr. TROWBRIDGE. I would like Assistant Secretary Shaw to comment on that. It is really a development in his part of the Department. I think it is a very exciting project and model, and we are currently bringing it more up to date, so it will be based on newer numbers. I would like Mr. Shaw to comment.

Chairman PROXMIRE. Mr. Shaw, before you do, let me say that I would like to know what that model shows for 1967 and what it shows as to the effect of the 6-percent surtax.

Mr. SHAW. Mr. Chairman, may I make several comments? First, I would like to correct one apparent misunderstanding, and that is that our goal is only 4 percent in real terms. That is a target for 1967. For the longer run, our goal, and I think the goal of others as well, would well be expressed as 4.5 percent or better than 4.5 percent, if we are to retain such goals.

With respect to these models, there are actually two sets of models. The first one to which Secretary Trowbridge referred is the input-output model, which is a structural model of the economy, and which basically, however, has to do with the past. We offer examples sometimes using coefficients in that model based on the data of several years back. We hope this year and next to update that particular model.

I think however, Mr. Chairman, the model to which you refer is our second model, which is an attempt to develop a series of equations which help us or should help us we hope get a better idea of what is likely to take place in the economy during the four quarters ahead.