Indeed, NPA also projects a target growth rate of 5 percent per year as feasible. The NPA study declares that while the 5 percent yearly expansion of real GNP is "entirely feasible, prospective shortfalls in public policy and private responses place these prospects near the outer limits of the probability range."

These estimates of the economy's growth potential range from 4 to 5 percent. In the light of these differences how can the CEA be so sure of its 4-percent growth potential figure? Moreover, why err at the low end of the range?

This is far more important than a difference in statistics. At the present level of GNP, a difference of one-half of 1 percent in the rate of economic growth represents a difference of $3.8 billion of goods and services in 1 year—no small bit of change. And such difference in output adds up to a significant difference in job opportunities—perhaps more than 300,000. Over a decade, such differences could add up to a very large cumulative loss of output and employment.

This issue and its policy implications are too important to be glided over. I suggest that this committee thoroughly examine this issue in its technical details, as well as its policy implications and consequences, including the impacts on levels of employment and unemployment.

The Need for Planned Expansion of Public Facilities and Services

President Johnson is to be commended for recommending the continuing expansion of Federal expenditures for major domestic programs, despite the sharp rise of military spending. However, the recommended expansion of these efforts is most modest by comparison with the present backlogs and increasing needs of a rapidly growing and increasing urban population for improved public facilities and services.

The recent report of this committee on State and local public facility needs is a most valuable compendium of the needed facilities and their costs in the 1965–75 decade, and is a most valuable contribution to what is possible in the near future.*

In 1965, State and local expenditures for public facilities came to $20 billion—with about one-fifth financed by Federal grants-in-aid. The committee study indicates that these expenditures will have to rise to over $40 billion by 1975 to meet the needs for public facilities. The cumulative total need over the decade is for expenditures of $328 billion. And if the Federal Government continues to finance about one-fifth of the total, the cumulative total of such Federal grants-in-aid would be more than $65 billion over the decade.

Moreover, as the committee study indicates, these costs do not include the additional costs of services—the costs of teachers, nurses, and other personnel to man the facilities. In addition, the committee study does not include the important area of housing.

A planned effort is needed to meet these requirements. I think we should move ahead by establishing comprehensive inventories of

*"State and Local Public Facility Needs and Financing," 2 vol. study prepared for the Subcommittee on Economic Progress of the Joint Economic Committee. December 1966. Available at U.S. Government Printing Office.