administrative instead of a general economic policy approach to controlling inflation, the bill mistook symtoms for causes of inflation and would, therefore, not have been effective.

In taking this position the national chamber federation is not blind to certain defects in general anti-inflationary or anti-deflationary economic policy measures in the monetary and fiscal spheres. For example, we have seen in the past year the uneven incidence of tight money, which strikes most heavily on industries that are hypersensitive to sharp changes in the cost and availability of credit. We are also aware of the lesser effectiveness of an easy-money policy in overcoming a recession than in curbing a superboom. And we appreciate the difficulty of using fiscal policy flexibility because of the political difficulties involved. But it would be a mistake to conclude that these defects and difficulties can be offset by more "banging on the economic machinery" of the coercive guidepost kind. Rather, I think we must conclude from the uneven impact of monetary policy that the structure of our financial system is the crux of the matter, given the changes in the magnitude and character of flows of funds in the past two decades or so. With respect to the political complications and implications of introducing more flexibility into fiscal policy, the lesson of last year clearly demonstrates the need to reevaluate the conditions under which a suitable fiscal-monetary policy "mix" is likely and not just theoretically desirable. It is questions of this kind that, in our opinion, the Joint Economic Committee should be considering.

Uses of the Growth Dividend

I have mentioned the lesser emphasis in the Economic Report on growth in favor of stressing resource allocation. The report does, however, raise the question of how best to use the expected "growth dividend" of $47 billion. This figure corresponds to a real growth rate of 4 percent, which is much lower than the average of nearly 5½ percent of the past 3 years. Paradoxically, a great expansion in the nondefense Federal budget has accompanied the slowing down in the growth rate, so that the budget has actually risen as a fraction of the GNP. But, aside from a concession on page 136 to the demands of the Vietnam war on our resources, chapter 4 of the Council's annual report on "Selected Uses of Economic Growth" appears to have been written with a peacetime economy in mind.

Perhaps the most significant statement in this chapter (p. 135) is that "Public policy cannot be neutral in its impact on the allocation of gains from economic growth. How these gains should be distributed must be squarely faced as an issue of public policy."

Such a statement could imply either more reliance on Federal programs to promote market solutions, or more reliance on Federal programs that directly affect resource allocation. The discussion that follows through little light on this all-important question. In fact, from the viewpoint of those who have studied the problems of poverty and urban problems, as has the national chamber's task force on economic growth and opportunity, the treatment of these and related questions in the report is extremely cursory.