to develop, as I have frequently urged, a long-range balance sheet of product and income flows in the various sectors, so as to reveal what types of corrective action are needed.

My additional data

My chart 1 depicts the inadequate nature of the economic advance from 1953 and from 1961 forward, and portrays the effects of this upon unemployment and upon the production gap. It thus helps to dispel the unrestrained optimism and excessive claims in the Council's report.

My chart 2 estimates the large national economic deficits during 1953–66, in consequence of the inadequate economic performance. I have already set forth why the Council's estimates as to the size of the production gap are far too low.

Bearing directly upon why the Council's estimates of our appropriate growth potential have always been and still are far too low, my chart 3 sets forth the trends in productivity for the entire private economy, 1910–66, indicating the clear tendency toward a long-term acceleration in the rate of productivity gains, except when these gains are artificially repressed by recessionary or stagnation trends.

My chart 4 depicts a diagnosis which the Council has persistently and egregiously neglected. This diagnosis shows clearly that the core reason for economic instability and inadequate growth has been the tendency during the upturn periods for the investment in plant and equipment, which adds to our ability to produce, to outrun ultimate demand in the form of private consumer expenditures plus total public outlays for goods and services. The alarmingly serious nature of this trend from fourth quarter 1965 to fourth quarter 1966 is depicted on this chart.

The Council's forecasts that we now are experiencing a sharp decline in the rate of investment growth is really an implied admission that the excesses which have been aggravated by national economic policies to date may now run into a reaction so severe as to repeat the processes of stagnation and recession depicted on the chart. I have foretold this from the moment when the massive tax reduction was first proposed.

My chart 5 carries this same thesis forward, by showing the comparative growth rates in various aspects of the economy during 1961–66, and from fourth quarter 1965 to fourth quarter 1966. The chart speaks for itself, without need for much additional comment. It is worthwhile to point out, however, that the stabilization of corporate profits from fourth quarter 1965 to fourth quarter 1966 is a stabilization of profits which are still dangerously high relative to other forms of income.

My chart 6 carries this analysis still further by comparing price, profit, investment, and wage trends during the current economic upturn.

My chart 7 depicts how the long-term shrinkage in the Federal budget, relative to the size of the total economy and the priorities of our nationwide needs, has contributed to the deficiency in public outlays, the consequences of which I have set forth above.

My chart 8, more relevant now than earlier in the light of additional experience, shows how the tax cuts of 1962–65 were ill-designed to encourage economic equilibrium, but instead exacerbated both the