Act of 1946 to set both short-range and long-range goals for maximum employment, production, and purchasing power; because it fails to develop an equilibrium model on the product and income side; because it fails, in the absence of such an equilibrium model, to deduce appropriate national economic policies; and because it neglects specific projections of the great priorities of our national needs and of policies to meet these needs within the equilibrium model, and with justice to all.

Without these efforts, I think that the Council's long chapter IV serves to create the impression that the Council is actually doing what it really is not doing but should be doing. There is no reason why, at this late date, the Council should be so far behind what has been done in this regard, during many years past, by the Rockefeller Reports on the National Economy, President Eisenhower's Commission on National Goals, the National Planning Association studies, and my own studies for the Conference on Economic Progress.

My own projections for U.S. economic performance

Merely as an indication of what can and should be done in this direction, my chart 17 projects goals for U.S. economic and social development through 1970 and 1975, in the perspective of an equilibrium model which I have usually called an American Economic Performance Budget.

These interrelated goals are not excessive in their aggregates. They contemplate an average annual U.S. economic growth rate in the neighborhood of 5 percent after maximum employment production and purchasing power are restored. This 5 percent rate, as I have indicated earlier, is really rather conservative in view of our pressing obligations, both domestic and international, and our current inability to meet these adequately out of the current product. The 5 percent average annual growth rate projection is somewhat lower than the sum of the estimated average annual increase in the civilian labor force and the estimated average annual increase in productivity in the private economy during 1961–66. If the growth rates in productivity and in the civilian labor force in future fall below these estimates, it will be only because national economic policies which fail to provide appropriate incentives to optimum economic growth repress the actual growth rate in productivity and in the civilian labor force far below the real potentials.

Further, it is dangerously nondynamic to assume that there are such rigorous or mechanical limitations as those set forth above, with respect to growth in productivity and in the civilian labor force. Many incentives, the most important of which is a maximum-employment environment itself, can be brought to bear upon accelerating the growth rate in the civilian labor force. Many incentives can and should be used to accelerate productivity growth.

During World War II, we averaged annually an economic growth rate of 9 percent in real terms. While it is true that in 1941 we had a vast reservoir of unemployment to draw upon, this reservoir was much smaller than the numbers drawn into the Armed Forces after 1941, and thus not available for the civilian labor force. While I would not favor now the forced pressures which could, if need be, again lift our average annual economic growth rate to anything approximat-