I have long held that most of the blame for deficiencies in the President's economic program must be placed squarely upon the shoulders of the Council of Economic Advisers. It is true that the President must and should make political decisions which may not be entirely in accord with the advice he receives from his experts. I also agree—and I have had some experience on this point—that his experts must in large measure shape what they present to the public in accord with the policies of the President. All of this is entirely appropriate.

But I have an ever-increasing conviction that the President, the Congress, and the people are being let down by the extent to which the Council of Economic Advisers is doing so much less than it should, and so much in the wrong direction, even within the allowable area of its scope and discretion. The preponderance of the errors of omission and commission embodied in the annual report of the Council, as I have set them forth above, cannot possibly be attributed to any mandate from the President or to any restraints of the political environment. The examples of this are too numerous to list. For one example: The Council is telling the President, he is not telling it, that unemployment below 4 percent is necessarily inflationary, and that a 4-percent economic growth rate is desirably high. If the Council improved its own performance, the President would be in a better position to weigh economic against political considerations. The Council, in my view, is not sufficiently offering the President this choice.

I believe that the Council has a leadership as well as a followship role, and that it has moved too far toward guessing what is wanted rather than asserting what is needed. I believe it has moved too far in the direction of public relations, rather than struck a fair balance between public relations and public responsibility. The Employment Act offers the Council a unique opportunity in world history; that opportunity, in my view, should be much more fully explored.

Additional note on U.S. growth rate potential

My estimate that the U.S. economy, without excessive strain, can and should grow at an average annual rate of about 5-percent after restoration of maximum resource use may be challenged on the ground that the 3.5-percent average annual increase in productivity in the total private economy during 1961–66, which (along with the growth in the civilian labor force) yields my 5-percent estimate should be reduced because it is frequently said that there is no increase in productivity among public employees. Thus, if there is no increase in the productivity of public employees, it is argued that the 3.5 percent productivity-gain figure is reduced to a considerably lower figure. I do not accept the validity of this argument. If public programs are carried forward along the lines which I have recommended above, these public programs should in many ways add more to the productivity growth rate of the entire economy than are added by equivalent outlays in other sectors. If this be true, and I think that it is true, then from year to year each hour of input in the public sector should have as beneficial an effect upon productivity gains for the total economy as each hour of labor input in the private sector, even though for technical reasons it is difficult to measure in a conventional way the productivity gains in the public sector.