experienced in the past. This expectation is based on the following reasoning:

1. There are a number of factors in our economy which will provide a favorable climate for strong growth such as (*a*) a sharp increase in the labor force; (*b*) a marked increase in the rate of family formations; (*c*) a very rapid rate of technological innovation abetted by a large increase in research and development expenditures; (*d*) the need for heavy and rising public and private expenditures to meet the problems of our cities—urban renewal and rehabilitation, air and water pollution, transportation, and the like; and (*e*) the drive for stronger economic growth in other countries and the leverage which this will exert upon our own desire and capacity to grow.
2. Both political parties and the public at large agree that fiscal, monetary, and other Government policies must be directed toward encouraging full employment and faster economic growth.

To achieve a stronger rate of economic growth there will have to be a very high rate of investment spending, and, of course, a very high rate of saving.

To illustrate the above points, it will be helpful to review three recent projections of the growth of the U.S. economy in the next decade: (1) *U.S. Economic Growth to 1975: Potentials and Problems;* a study prepared for the Subcommittee on Economic Progress of the Joint Economic Committee of the Congress; (2) Albert T. Sommers, "The Economy in the Next Decade," *The Conference Board Record*, December 1965; and (3) Leonard A. Lecht, *Goals, Priorities, and Dollars—The Next Decade;* a study prepared under the auspices of the National Planning Association. These studies are typical of the thinking of most economists about the prospects for growth of the American economy in the years ahead.

Tables 1 and 2 present the projections of GNP and national income developed in the study made by the staff of the Joint Economic Committee. These projections have built into them a number of assumptions about Federal fiscal policy aimed at maintaining full employment.[17] "Projection A" in the tables is based on the assumption that during the next decade the real GNP will grow at a 4.5-percent annual rate, and also assumes an average unemployment rate of 3 percent. "Projection B" is based on the assumption that during the next decade the real GNP will grow at a 4-percent annual rate, and assumes an average unemployment rate of 4 percent.

It is significant to note, in table 1, that projection A (in current dollars) calls for a rise in gross private domestic investment from \$106.6 billion in 1965 to \$142.9 billion in 1970 and to \$201.4 billion in 1975, an increase of nearly 90 percent by 1975. Excluding the change in business inventories, the increase in fixed investment would be from \$97.5 billion in 1965 to \$185.7 billion in 1975, or an increase of just about 90 percent. These figures certainly do not suggest that there will be any lack of demand for capital funds generated by savings during the next decade. The figures in projection B, although somewhat lower, also suggest an enormous rise in captial demands.

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[17] For a discussion of these assumptions, see *U.S. Economic Growth to 1975: Potentials and Problems*, pp. 29–47.