Functionally, "affluence" is simply an abundant supply of useful goods and services which minister to the creature comfort of individual human beings. But "affluence" as measured by national income statistics is something else again. These statistics are constructed on the basis of costs of all goods and services produced within the economy in a given time period. They lump together indifferently the goods and services which come into existence in response to market demand by individuals for consumption, and goods and services which come into existence through our governmental full employment policy, which often add little or nothing to human comfort and may even be specifically designed for human discomfort.

Our national income statistics even include the costs represented by the dozens of varieties of subsidies for not producing useful goods and services. For example, subsidies paid for non-production of agricultural commodities; payments for work not performed ("featherbedding," "make-work," "spread-work") and so on. These same statistics also measure welfare-push inflation which results from the systematic packing of the wage-base with welfare verbally disguised as the "rising productivity of labor," but constituting in fact a special form of welfare built into the wage base by collective bargaining and taxed to the consuming public through the price mechanism. For example, a $4,000 house built in the early 1940's can only be compared today with one in the $40,000 range, and in many respects, including the durability of materials, the size of rooms, the handcrafting of amenities, the house built today is inferior to its 1940 counterpart. Recently a consumer article warned prospective home-buyers to look under the wall-to-wall carpets to make sure that their new home included a floor. It went on to explain that since a plywood understructure now meets FHA mortgage standards, some builders were omitting the hard or even softwood floor that was a standard feature in even houses of a few years ago.

Thus, the statement that the principal industries of our economy could increase their output of useful consumer goods and services, and the capital goods required therefor, at rates of 20% to 30% a year over a sustained period, making easily possible, we believe, an annual rate of effective increase in humanly-useful net national production of goods and services of at least 15%, is an estimate which should be construed as relating to a functional increase in available affluence that would take the form of increasing the production of humanly *useful* goods and services absolutely, as well as in lieu of humanly *useless* goods and services. It would include also the qualitative increase in affluence arising from declining prices which would inevitably result once two-factor theory became recognized in national economic policy and Second Income Plan techniques were broadly and widely employed in producing and distributing wealth.

We cite as further evidence the following:

(1) Existing production facilities are generally operated at only 80–85% of capacity *when operating*;

(2) If consumer demand warranted and trained manpower were not systematically wasted on non-economic production and non-production, production facilities could be run for two or three shifts instead of one or two, with substantial cost savings in most cases; and

(3) Our physical scientists, engineers and technicians tell us that the production of useful goods and services is relatively easy, a truth evidenced not only by a persistent tendency towards the production of surpluses throughout the economy, but also by the frantic efforts of competitors to pre-empt scarce consumer dollars for their own products, a phenomenon reflected in the high cost of selling, as measured in outlays for salesmen, sales promotion, advertising, expensive packaging, etc.

Our conclusion that an annual rate of increase in personal affluence in the U.S. economy of 15% or more on a sustained basis cannot be directly supported by reference to the national income statistics for the simple reason that these statistics are designed for a two-factor economy operated on one-factor concepts. National income statistics are not designed to reflect increases in the quality of life (or decreases, for that matter), but merely to report increases in the quantity of costs, some of which are relevant to the poverty-affluence problem and some of which are not. The question of what and how much the economy can produce, provided the income distribution problem can be solved in a manner consistent with our traditional input-outtake morality and the double-entry bookkeeping logic of our economy, is a question for business management, labor union policy, and experts in technology. Our interviews with