preted the same as those in 1967 in the total private nonfarm economy (discussed above). But during the whole period 1960–67, productivity in total manufacturing grew at an average annual rate of 3.4 percent, while real wages and salary gains per man-hour lagged tremendously at 2.1 percent (see my chart 8).

Still further light upon the disequilibrium may be obtained by looking at relative trends in prices, profits, investment in plant and equipment, and wage rates. From 1960 to 1967 in total manufacturing, prices rose 5.5 percent, profits after taxes 83.6 percent, investment in plant and equipment 85.4 percent, and wage rates 25.2 percent. In motor vehicles and equipment, prices rise 0.9 percent, profits after taxes 30.8 percent, investment in plant and equipment 86.5 percent, and wage rates 26.3 percent. In four other key categories examined, the manifestations in general were similar (see my chart 9).

My foregoing analysis, in its entirety, reveals, in my view, the extent to which the analyses and emphasis of the Council in its reports over the years, and especially in 1968, have swung away from the realities of actual developments and needed adjustments.

CEA's low targets for the future

But what is past is only prelude. It is far more important to examine how the Council's over-exuberance and over-complacency about developments to date have been accompanied by understatement, or failure to state, our needed goals for the future—goals explicitly called for by the Employment Act of 1946. Beyond the shaky forecast of a somewhat better than 4 percent rate of real economic growth in 1968, the Council nowhere attempts in the current report to develop the long-range goals in quantified terms which are essential to rally our full economic power and to provide adequate indicia for specific economic policies. Nothing could be more essential than development of such comprehensive and integrated long-range quantified goals, in view of a growing international burden of unpredictable size and duration, plus the ominous intensity of our unmet needs across the whole domestic front.

A starting point for developing these long-range goals is a careful examination of long-range productivity trends and their genuine import. Over the decades, the average annual rate of productivity gains in the entire private economy has tended to *accelerate*. being 0.4 percent during 1910–20, 2.3 to 2.4 percent during 1920–40, 3.2 percent during 1940–55, and 3.7 percent during 1961–66 (4 percent during 1947–53). The decline to an average annual rate of productivity growth of only 2.4 percent during 1955–60, and apparently only 1.4 percent during 1966–67, was responsive (as indicated earlier in my discussion) to the underutilization resulting from an extraordinarily low rate of real economic growth. It follows that the Council, instead of predicating our economic growth potential in future upon the average annual productivity gains actually registered during a number of decades past—in the neighborhood of 3 percent—should take fuller account of the more pertinent recent developments and the trend toward accelerating productivity gains under the impact of a reasonably high real economic growth rate.

On this basis, it appears to me clear that a 3.5- to 4-percent-average-annual rate of productivity growth in the private economy in the years