worse off than if programs were adopted to provide them with jobs, even if (contrary to my thesis as set forth below) these programs caused prices to rise somewhat faster than they otherwise would. And economically speaking, the unemployed certainly need help most, especially in that excessive unemployment today and its side products are by far the largest explanation of poverty.

Indeed, in view of the certainty that income distribution in the United States has shifted most progressively during periods of full employment and maximum resource use, the Council's argument that such periods tend to accentuate inflation is in conflict with its argument that any accentuation of inflation redistributes income in ways which hurt most those who need help most. Insisting that rising prices are an unmitigated evil, without delving deeper, is itself a cruel tax imposed by those who should know better upon those who know less.

Price trends significant in their impact upon resource and income allocation

All empirical observation reveals that economic progress and social justice depend, not upon whether prices are stable (or rising or falling within moderate bounds), but rather upon what is happening to the allocation of economic resources and the distribution of income under any specific price trends. The greatest economic debacle we ever witnessed started almost four decades ago, after 7 years of a remarkably stable price level, except for falling farm prices. This debacle occurred primarily because of the failure of wage and farm income, under a stable price level, to keep up with our growing nationwide ability to produce. In other words, gross maldistribution of resources and income took place despite a stable price level.

Either a stable or a rising or falling price level within moderate bounds may be conducive to or destructive of that economic equilibrium at reasonably full resource use which benefits almost all. The Council, instead of pandering to misconceptions about rising prices *per se*, should turn its attention to the real task of resource and income analysis, and this calls for use of an equilibrium model which CEA is not yet revealing in its interpretation of economic developments nor in its development of policies for economic adjustment.

CEA exaggerates inflationary trends

The Council would enjoy much more freedom in moving toward the really core problems, if it did not so ardently fan the flames of exaggeration about recent or current price inflation.

During the 50-year period 1917–67, consumer prices in the United States advanced at an average annual rate of 1.9 percent. This period included the great depression era during 1929–39 at one extreme and, at the other extreme, the hyperinflation during some years of World War II and reconversion and 1 year during the Korean war.

During 1957–67, the most recent 10-year period, the average annual increase in consumer prices was 1.7 percent; and during 1962–67, the most recent 5-year period, the average annual increase in consumer prices was 2 percent. Thus, allowing for problems of statistical measurement and price-quality issues of immense difficulty, the movement toward rising consumer prices during the most recent 5 years has not been any greater than during the past 50 years. And during