these 50 years, we have made the greatest record of economic progress, and perhaps also the greatest strides toward social justice, which have ever occurred anywhere in human history. (See my chart 16.)

Price trends in an international perspective

Viewed in an international perspective, our price record is even better than the above data would indicate, and utterly inconsistent with the furor during recent years to the effect that we must achieve greater price stability to maintain our worldwide competitive position.

During the 10-year and 5-year periods ending with 1967, the average annual increases in consumer prices in the United States were 1.7 and 2 percent, respectively. Meanwhile, the respective trends in the United Kingdom were 2.9 and 3.3 percent; in France, 4.9 and 3.2 percent; in Germany, 2.4 percent and in Italy 3.5 and 4.7 percent; in Canada, 2 and 2.7 percent; and in Japan, 4.3 and 4.5 percent. The relative trends with respect to industrial prices have been closer, but even as to these, we have in general retained a considerable advantage, quite apart from issues of quality of product. (See my chart 16.)

A higher growth rate and less unemployment do not import more inflation

But even if I were wrong with respect to all of the foregoing—which I am sure I am not—the point remains that the Council has clung obstinately to the prevalent but untenable thesis that there is a strong and ineluctable positive correlation between the rate of real economic growth and the amount of price inflation, and that a lower rate of unemployment measured against the civilian labor force tends to induce more rapid price increases, especially when the rate of economic growth and the level of employment press close to reasonably full resource utilization. Verily, it is this thesis which propels the Council toward its adamant failure to espouse the more expansionary economic policy when we now so sorely need.

Since 1953 especially, I have been making continuous studies which challenge this prevalent thesis, and have recurrently brought them to the attention of this committee, top officials in the executive branch, economists throughout the Nation, and the public at large. I shall now attempt to do so again.

During 1955–58, when our average annual rate of real economic growth was only 0.2 percent and when the average unemployment rate was 5.1 percent, the average annual rate of increase was 3.1 percent in consumer prices, 2.2 percent in wholesale prices, and 1.5 percent in industrial prices.

In vivid contrast, during 1960–67, when the average annual rate of real economic growth was 4.6 percent and when the unemployment rate (although averaging 5.1 percent for the period as a whole) was brought down from 5.5 percent in 1960 to 3.8 percent in both 1966 and 1967, the average annual increase was only 1.7 percent in consumer prices, 0.7 percent in wholesale prices, and 0.7 in industrial prices.

Further, the relatively high rate of price inflation during 1960–67 came with the approach and advent of economic stagnation. During 1966–67, with the rate of real economic growth declining very severely to 2.5 percent and the unemployment rate no lower than in 1966, the annual increase in consumer prices was 2.8 percent, and in industrial prices 1.5 percent. (See my chart 17.)