the 100 largest metropolitan areas fell from 6.9 to 5.2 percent; and the unemployment rate of Negroes in these neighborhoods fell from 9 to 6.4 percent. Clearly we must try to reduce this concentration of unemployment. We interpret the mandate of the Employment Act, therefore, as having a qualitative as well as a quantitative dimension.

The Employment Act set other goals for us in addition to maximum employment. The most critical of these today is expressed in the term "maximum . . . purchasing power." This term has been commonly interpreted by the President and by the Joint Economic Committee to embrace price level stability and avoidance of inflation, and we see that if we examine the Economic Report and the Report of the Joint Economic Committee.

Thus, President Truman in his 1948 Economic Report said:

> "Our purchasing power objective for 1948 should be to effect the economic adjustments which are necessary to afford adequate protection against inflation."

A decade later in his Economic Report President Eisenhower declared:

> "A clear responsibility rests on Government to pursue policies that will help prevent inflation."

And in 1965 President Johnson said:

> "I regard the goal of *overall price stability* as fully implied in the language of the Employment Act of 1946."

There have been 29 annual and midyear Economic Reports of the President. Only three of these failed to express a concern about inflation and to affirm the national goal of price stability. Similarly, only three of the annual reports of the Joint Economic Committee failed to express concern over inflation. Each of the exceptions occurred during a recession.

Thus the President and the Congress have not only regarded price stability as an important national goal. They have also announced it as a goal and have given the American people every reason to think that it is the policy of the Government to avoid inflation. This is in itself a fact of much importance.

There are three main reasons for the continuing and almost universal concern with inflation. The first is the random, unjustified, and inequitable distribution of gains and losses that it causes. All of us—Government, businesses, and individuals—are constantly making commitments for the future in dollar terms. We agree to work or to hire labor for so many dollars an hour or year. We invest in life insurance or pension funds which entitle us to receive specified numbers of dollars at some time in the future. The Government undertakes to pay social security benefits, veterans pensions, and interest in the future in specified amounts of dollars. The Government sets tax rates whose height depends on income measured in dollars.

The real value and effect of all these commitments depends on the prices prevailing at the future time when the dollar payments are made. Obviously a person who bought a Government savings bond or put money in a savings deposit 3 years ago has lost 10 percent of the real value of his investment through inflation. After paying taxes on interest income, his "real" rate of return has been small, and for some it was negative.