

Market Committee, after all, is an agency that has to forecast and we presume they are able and competent economists who are making the forecasts.

Mr. PERRY. The other point I wanted to make is I think our ability to do this is a lot better than it was some years ago, certainly 1929 to 1933 that you cited, and quite a bit better than 10 or 15 years ago.

Senator PROXMIRE. These were within the last 15 years.

We don't know. We just had this upturn and everybody who got on the train has been right because they have been right in predicting the train is moving in the same direction.

Mr. PERRY. In this recent period, 1967 is the nearest thing to a downturn you had to worry about.

Senator PROXMIRE. We didn't even have a mini-recession, we didn't have two quarters in which the growth declined, so we didn't have a recession.

Mr. PERRY. You can be right in two directions. My point is, the good forecasts avoided calling a recession in 1967.

(In line with the foregoing colloquy, Professor Suits subsequently filed the following:)

EXTENSION OF REMARKS OF DANIEL B. SUITS

Senator Proxmire raised an interesting and important question about how accurately forecasters can, in fact, forecast. Each November for the past sixteen years the Research Seminar in Quantitative Economics has compiled and published an annual forecast for the coming calendar year. The complete record appears in the accompanying table.

During the entire period, the direction of economic movement was forecast correctly each year. The recessions of 1954 and 1958 were accurately forecast as well as the slowdowns of 1960-61 and 1963. Although the record shows substantial underestimation of the recoveries of 1955 and 1959, most of the forecasts show remarkable accuracy. In fact many of the forecasts appear to be more accurate than the measurement of the GNP itself.

TABLE 4.—REVIEW OF PAST GNP FORECASTS¹ (FIGURES REPRESENT CHANGES IN GNP OVER THE PRECEDING YEAR MEASURED IN BILLIONS OF 1954 DOLLARS, EXCEPT AS NOTED)

Outlook for year	November	Forecast	April	Observed
1953.....		13.0		15.5
1954.....		-4.5		-5.9
1955.....		4.4		29.6
1956.....		9.0		8.2
1957.....		9.1		7.7
1958.....		-2.9		-7.3
1959.....		9.0		27.3
1960.....		8.5		11.3
1961.....		7.4		7.8
1962.....		27.5		27.1
1963.....		14.1		15.9
1964.....		23.9		24.1
1965.....		15.8		30.8
1966 ²	23.9		29.2	35.9
1967 ²	28.0		24.5	16.0
1968 ²	29.0			³ 31.9

¹ Except the April modifications, each of these forecasts was presented before the conference on the economic outlook held in November of the year preceding the year forecast.

² 1958 prices.

³ Preliminary as of November 1968.

Senator PROXMIRE. Let me ask you Dr. Klein, if you assume there will be an easing of credit tightness in the last quarter of 1969. I take it that you seem to be almost alone in that assumption. You base part of your estimates on GNP, and I assume other ingredients in it, putting