

ing appellation of the "New Economics." It was reasonably to be expected, and in fact it has so developed, that the final CEA Report of the "New Economists" should be, in substantial measure, an explanation, defense, and praise of the policies, accomplishments, and economic philosophy of the "New Economics."

It would therefore seem most fitting, and I hope most helpful to the Joint Economic Committee, that I focus mainly, not upon what has happened during the past year or so, but instead focus in broad perspective upon what has happened during the past 8 years, and in this larger view appraise the "New Economics" of the recent CEA members.

This course seems particularly desirable at this time, for at least three reasons:

First, it has long been my view that economists in general, including conspicuously the "new economists," have devoted relatively too much attention to short-range trends and policies, and far too little attention to long-range trends and policies. In the main during the most recent years, the "fine tuning" attempts to adjust policies and programs to short-range trends have in some important respects been unsuccessful, not primarily because of detailed errors in judgment, but rather because of failure to invoke sufficiently a longer term perspective. So-called fine tuning has fallen short, not primarily because of the nature of the instruments, but primarily because the listening apparatus has been far too circumscribed and insulated. It is my view that the greatest single improvement in national economic policies would be to turn more systematically and comprehensively to longer range analysis and programs. Indeed, I believe this to have been the core intent of the Employment Act of 1946.

A second reason why this appears to me to be a very appropriate time to evaluate the "new economics" in the full perspective of 8 years is this: It is the very nature of our political system that the recent change in the national administration should be expected to bring forth a fundamental reexamination of national economic policies and programs, and some considerable changes in them. It is my hope that the type of analysis which I shall bring forward may be helpful toward changes in proper directions.

In the third place, the fundamental approach I am undertaking would seem desirable, because we now stand at what appears to be a clear and important transition in the economy. Despite the current stress upon curbing inflationary forces, which has come to amount to almost a sole preoccupation, the even more important challenge now confronting us is the threat of a serious retardment in the rate of real economic growth, a serious rise in unemployment, and in consequence an increasing inability—at least in the context of general attitudes—to meet adequately the great priorities of our domestic and international needs.

Plus marks for the "New Economics"

There can be no doubt that the "new economics" has accomplished much, even though these accomplishments have unfortunately been accompanied by an unusual degree of public self-praise which has impeded critical evaluation. For the 8 years as a whole, a high, though not entirely satisfactory, rate of economic growth has been maintained. Unemployment has been reduced greatly, even though not sufficiently. For the 8-year period as a whole, in terms of the realities rather than