what was going wrong, and have to a high degree been vindicated by where we now stand. I take no particular satisfaction in this, except that I feel duty bound to point out that there is a lesson to be learned, that is, that the extent to which I have turned out to be correct may be explained mainly by my attempt to work in a long-range perspective.

Thus, it might be profitable and in the public interest for economists in the public service, and others, to examine more carefully than they have thus far done what I have made available to the Joint Economic Committee practically year by year during the past 8 years.

Outline of my presentation

I shall deal specifically with the following:

I. The problem of optimum economic growth.
II. The problem of economic equilibrium or balance.
III. The problem of social equilibrium, or plain justice.
IV. Fiscal policy.
V. The problem of inflation.
VI. Problems of monetary policy.
VII. The international economy.
VIII. The Economic Report of the President.
IX. Summary of my own recommendations.

In dealing with the first seven of these nine topics, I shall in each instance state first my own analyses and conclusions (responsive, naturally, to my examination of the CEA annual report), and then discuss those portions of the CEA report which seem to me most relevant.

I. The Problem of Optimum Economic Growth

The growth record and the growth need in detail

During 1960–68, the average annual rate of U.S. economic growth was 4.8 percent in real terms, a marvelous record when compared with the 2.4-percent average rate during 1953–60. Nonetheless, the evidence is strong that this performance was somewhat short of the optimum, particularly when one considers the historic record; the identity of optimum economic growth with optimum resource use; the current level of unemployment, and more essentially its distribution; the imperative nature of our unmet domestic needs; and the scope and weight of our international obligations.

Turning first to historical review: Our average annual rate of real economic growth was 4.7 percent during 1922–29, 4.5 percent during 1947–50, 5.1 percent during 1950–53, 5.1 percent during 1960–66, 4.8 percent during 1960–68, and 5 percent from 1967 to 1968. I should mention at this point, although I will deal with the inflationary problem in detail later on, that the periods 1922–29 and 1960–66 were characterized by a quite satisfactory degree of price stability, and that the price inflation during a portion of the period 1950–53 was mainly a speculative reaction to the Chinese intervention in the Korean war, and was not due to an excessive rate of economic growth. All this appears to support my conclusion that the 4.8-percent average annual rate of real economic growth during 1960–68 was somewhat on the low side. In view of technological trends, the unsolved unemployment problem, and the pressures of our domestic and international needs, I believe that we should aim toward a real rate of economic growth averaging