

SELECTED ECONOMIC INDICATORS—COMPARISON OF CHANGES, 1954-60 AND 1961-68

	Annual rate of increase	
	3d quarter 1954 to 2d quarter 1960 (percent)	1st quarter 1961 to 4th quarter 1968 (percent)
GNP in constant dollars.....	3.3	5.3
Per capita real disposable income.....	1.8	3.7
Unemployment (decline).....	0.9	7.2
Industrial production.....	4.4	6.4
Output per man-hour private economy.....	2.6	3.6
Manufacturing capacity.....	4.6	5.0
Manufacturing output.....	4.4	6.6

Source: Office of Business Economics, Bureau of Labor Statistics.

As the table shows, GNP valued in dollars of constant buying power increased at an average rate of 3.3 percent per year in the 1954-60 period, but advanced to a pace of 5.3 percent in the period 1961-68. Per capita real personal income more than doubled its rate of advance, from 1.8 percent a year to 3.7 percent. The number of unemployed, which had declined at an average rate of 0.9 percent per year in the earlier period, sank by 7.2 percent per year in the later. The pace of industrial production advanced from 4.4 percent per year to 6.4 percent. In large part, because an expanding economy is able to make more efficient use of its productive equipment, output per man-hour in the private economy (productivity) rose from 2.6 percent per year to 3.7 percent. There was a small increase in the rate of growth of manufacturing capacity, but a large increase in growth of manufacturing output, from 4.4 percent annually to 6.6 percent.

STILL SLACK IN THE ECONOMY

Great as the achievements of the past 8 years have been, they have not been great enough. Our rate of economic growth has not matched our true potential. Our unemployment rate, although it has been greatly reduced, is still far higher than would be tolerated in most of the industrialized nations of the free world. To more than 2½ million full-time unemployed must be added the time lost by approximately 2 million part-time unemployed, who work at a part-time job because they can't find full-time work, or who work short workweeks for economic reasons beyond their control. In addition, there are probably close to a million workers who are involuntarily idle, but who are not counted as unemployed, or even in the labor force because they have become discouraged and have given up looking for a job.

When all these factors are added together, the total time lost in 1968 by people who could and should have been employed would average something over 5 percent of total labor force time available.

Further evidence that there is still too much slack in the economy comes from the relatively low-utilization rate of manufacturing capacity, and the fact that it has been falling for more than 2 years—from 90.8 percent of capacity in the second quarter of 1966 to 84 percent in the third quarter of 1968, and 84.1 percent in the fourth quarter. In some industries, it is below 80 percent. Since, according to McGraw-Hill, the preferred rate of utilization is about 93 percent, it is clear that there is room for a substantial increase in production before it begins to press uncomfortably upon our productive capacity.