A Five Percent Growth Rate is Needed

The goal of America's economic policy should be an average yearly increase of total national production of 5 percent a year—approximately twice the pace of the past six years. A 5 percent growth rate is necessary, not only to produce more goods to meet national needs. It is essential to restore and maintain full employment.

Output per manhour in the national economy has been rising at an average yearly rate of 3½ percent to 4 percent. Unless production and sales increase, as productivity rises, there will be layoffs and increasing unemployment.

In addition, the labor force grows each year, as more young people get out of school and enter the job market. In the next few years, according to the U.S. Department of Labor, the labor force will increase by more than one million persons—or about 1½ percent—a year. Unless production and sales increase to provide job opportunities for those who enter the labor market, unemployment will continue to rise.

Increasing output per manhour of 3½ percent to 4 percent and labor force growth of about 1½ percent mean that total national production must increase by 5 percent a year, in order to maintain full employment. Without a 5 percent pace of economic growth in the years ahead, America will face increasing troubles at home and abroad.

- Balanced economic growth of 5 percent a year and full employment should be established as the goal of national economic policy.

- A more rapid pace of economic growth requires a halt to the government's policy of tight money and high interest rates. The Federal Reserve Act should be amended to provide for adequate representation of consumer, small business and labor interests on the governing and advisory bodies of the Federal Reserve bank system, which is now dominated by the viewpoint of bankers and big business.

- The government's budget policy should be geared to a more rapid rate of economic growth, to produce budget balance and surpluses, as a result of raising government revenues from increasing production, sales and incomes.

- The federal government's tax structure is in need of substantial revision to provide a more equitable means of raising required government revenue. Top priority in such revision should be given to closing loopholes of special tax privileges for wealthy families and corporations and to reducing the tax burden on low- and middle-income families.

- A better and more continuing balance is needed between the economy's ability to produce and its ability to consume. That means continuing improvements in wages and salaries—to boost consumer buying power, which is the basis of mass markets. It means special efforts to lift the buying power of low-income families—through amendment of the federal minimum wage law, for example, to extend the law's coverage to millions of unprotected low-wage workers in retail and wholesale trade, services and large-scale farms and to raise the minimum wage to $1.25 an hour.

- The national defense is in urgent need of a careful examination in terms of the military requirements for the defense of the United States and the free world. Defense expenditures should be raised, if necessary, to provide adequate national defense.