

movement away from laissez faire toward a managed or controlled economy. Neoclassicism in itself is a devastating blow to laissez faire. Neoclassicism holds that modern economic phenomena are not a part of culture as a whole. Economics cannot be isolated and extracted from its environment. The price system on which a free enterprise system strives is sometimes unable to bring about economic equilibrium of a kind that is desired. That is, at a level of high employment and relatively stable price levels. And it is argued that government intervention is necessary to achieve this kind of equilibrium.

Thus, we advocate such fiscal measures as tax decreases, deficit financing, and public works construction. And in our present frame of thinking, prosperity and economic stability can be obtained by vigorous free enterprise in which business and labor play a responsible role. And I underline the word responsible. Only in case the economy does not perform in such a way as to give us a satisfactory level of employment and the desired stability, is the government brought into the picture. And under our system it is the federal government which is responsible for the maintenance of an adequate level of prosperity.

Now I would like to open the question period.

QUESTION: A previous speaker mentioned four national economic goals. Two of them were rapid economic growth and stability of prices. I wonder whether you consider that those objectives are in conflict?

DR. POPPE: Not necessarily. There is a considerable volume of literature on the subject of economic growth and instability. It's true that up until now, when we have had dynamic periods in our economic society, usually it produced a severe inflationary tendency at the same time. But it is maintained nowadays that that is not necessary. However, we may have to make some changes in our institutional