I. Inflation - We have it
Trace its development

II. Why Inflation?
Trace G.N.P. growth
Current dollar
Real
Excessive nature of expansion.

III. Why has expansion been excessive?
Two schools of analysis
Fiscal stimulus
New Economics
Fine tuning
'60 - '64 it worked (apparently)
'64 on it didn't - why?
Delay in Congressional action
and
The influence of Monetary policy
Trace rates of expansion

IV. The July 1 fiscal package
Prior to June heralded as a must
Immediately following enactment
Overkill
Rapid reduction in growth
Predictions of recession
Must keep interest rates down
Housing, etc.
G.N.P. to 10 billion advance - third quarter
Some of us were skeptical
Belief
While excessive Federal spending coupled with massive budget deficits generates intense pressure toward monetary expansion,
Fiscal policy effective as an economic stabilization influence only in so far as monetary management makes it effective.
Commerce estimates raised for 3rd quarter - 10 to 15 - likely higher
How about 4th quarter? 1st quarter of 1969?
Money rate of growth may be slowing
Too short a period to tell.  
If it is - 1st quarter of '69 might ease off 
If not - strength through 1st quarter.  

Finally - What do we want? 
Accept 5 - 6 - 7% inflation to 
Hold interest rates low for a time 
Hold unemployment at 3 1/2% 
Hold business profits high 
Or are we willing to accept 
Temporary reductions in profits 
Increase in unemployment 
Higher interest rates for a time.  

To my view 
We must take the relatively minor 
pains of correction if we want 
long-run stability, optimum 
economic growth, and further 
expansion of living standards.