there has been no increase. Indeed, there has been a decline since the beginning of the year in mortgage rates.

Senator PROXMIRE. The figures I have been given show the conventional rates for mortgages in the last several months have been very high. July, 5.90; October, 5.95; April, 5.95; July, 5.95. The all-time high was January 1960, 6.24, but that is very high.

I hate to ask a question and run, but I will miss my rollcall unless I do go.

Dr. HELLER. I was hoping Mr. Gordon could comment on this.

Senator PROXMIRE. Would he defer that? I will be back in 5 minutes.

Chairman PATMAN. Congressman Curtis?

Representative CURTIS. I just wanted to pick up on that one little point on the labor force. I am reading now from table D, labor force participation rates by age and sex. I want to be sure what I am reading from now. This is the monthly report of the labor force.

> Labor force growth appears to be slowing down for reasons which are not entirely clear. Second quarter 1962 increased 600,000 over the year, was about 400,000 short of what might have been expected on the basis of past trends. Most of the difference was among women 25 to 54 years of age who have accounted for such a large part of our expanding work force since World War II.
>
> Young penole, on the other hand, joined the work force in about the expected numbers over the year. Shortage of job opportunities could not be the full explanation of the slowdown in growth. Over the year, the labor force participation of women 55 to 64 years of age has risen sharply as it has in all recent years. There is no evidence that jobs are available for them, but not for younger women.

I just wanted to add that into this discussion because it does seem to me this becomes a very critical area of examination. In the gap theory that the Council is advancing, certainly this should be interjected. I say that again as one who doesn't agree with the gap theory as an accurate way of viewing our economy.

Dr. HELLER. We recognize that many people remain outside the labor force when they are discouraged by the inadequate availability of job opportunities. Our estimate of potential output is, therefore, based on the expected normal size of the labor force at full employment. On the other hand, actual output is affected only by persons actually employed, and not by persons either unemployed or outside of the labor force. The gap is obtained by subtracting actual from potential output, and our calculations of the size of the gap, therefore, make an allowance for the response of the labor force to job opportunities.

So on the question of what the economy is capable of at full employment—which is really all we are talking about and what you identify as the "gap theory"—we do take both the present labor force and the prospective labor force into our calculations.

Representative CURTIS. If I am wrong, I want to be corrected. In your estimates, the gap has diminished in a year and a half. I would say that if the labor force were increasing at the same rate that it had been, roughly about a million a year, I suggest probably you have not closed at all. I don't know whether it would be that big, but it is a million more people in the unemployed sector, which would make a sizable difference.