

rate of increase. The increase of technicians available, the manpower situation, people available who were trained, was a much lower rate of increase. It was just nonsense to be talking in terms of putting more money in there. We did not have the skills available to fill the jobs going begging here. It takes time to train people in these skills. So even in the areas where there is demand, and I submit there are real areas, treating demand as an aggregate in my judgment is a gross error.

I want to ask one question if I may on this growth thing. The President stated—I do not know whether you saw this, in his press conference—that the economy had expanded by 10 percent since he took office, and he seemed to imply that this was a better record than under the Eisenhower administration. I do not want to get it into the political aspects, but I mention this because we are comparing periods and we are trying to relate what is our economic situation. Inasmuch as you followed it closely under the previous administration I wonder if you would comment on that.

Mr. SAULNIER. I will comment on it. I did notice that statement by the President. As I recall, his statement was that gross national product had increased by 10 percent since he took office. Now, it is true that gross national product in current prices has gone up by about 10 percent since the first quarter of 1961, which was the trough quarter of the 1960–61 recession. However, if you look at GNP in constant prices, in order to get a measure of the increase in the actual output of physical goods and services, you will find that the increase is only a little better than 7 percent. I was a little surprised that the President used the current price figures rather than the constant price figures, but I was even more surprised that he found it remarkable that there had been an increase of even 10 percent during a period of business cycle recovery. There is nothing remarkable about that. In fact, I would say the thing that is most noteworthy about GNP in the 1961–62 recovery is that the increase in it was less than what it has been in earlier recoveries. Indeed, it is the tendency of this recovery to lag that accounts for our having hearings here today, I would assume.

Representative CURTIS. My time has run out.

Mr. SAULNIER. You can judge this recovery by almost any measure, and find that the increases are less percentagewise than they have been in previous recoveries.

Representative CURTIS. Thank you.

My time is up.

Representative REUSS. Senator Proxmire?

Senator PROXMIRE. I want to ask both Dr. Saulnier and Dr. Keyserling questions. I want to say, Dr. Keyserling, that I thought your statement that our monetary policy now represents an open declaration of war upon the programs the Nation needs was a very accurate understatement of the situation. I could not agree with you more. Dr. Saulnier, you seem to agree to some extent on at least the restraining nature of monetary policy and I was most heartened to see that you say on the bottom of page 10 and the top of page 11:

I would hope that in considering the position of the economy at this time and the extent of the more direct measures being taken to help correct our balance of payments, it will not be necessary to tighten credit conditions over their present