Chairman PROXMIRE. Those are in money terms?

Mr. ACKLEY. Yes.

Chairman PROXMIRE. Would you break that down to terms of the real growth on a percentage basis?

Mr. OKUN. $50 billion would be a 4-percent real growth and a price increase on the GNP deflator basis of a shade below 2½ percent.

Chairman PROXMIRE. This would result in unemployment of about 3¾ percent?

Mr. ACKLEY. Yes.

Chairman PROXMIRE. It seems to me that on the basis of our experience in the past when we have been able to have a low level of unemployment for a considerable period—and the Korean war was an excellent example of this—that we should be able to get unemployment down lower and growth more substantial than you are suggesting here.

For example, in the Korean period we had a rate of unemployment right after the Korean war, 1952–53, of about 3.1 percent and 2.9 percent. Prices rose 1 percent in the first of these 2 years and one-half of 1 percent in the second. This was partly because we had adjusted to a period of low level unemployment, and your analysis here suggests that the economy is pretty resilient in terms of available employment because employment has not increased. Unemployment has also not increased because the work force has tended to diminish. This suggests a resilience on the growth side and would suggest that we can grow more rapidly than what I think is quite a modest and I think much too limited estimate of how we should grow.

Mr. ACKLEY. Mr. Chairman, the experience of 1952 and 1953 has been frequently cited as a case of an economy able to achieve very low rates of unemployment along with close to price stability. I think a careful study of those years will suggest that that may not be a very reliable guide to the basic ability of our economy at that time or at this time to achieve very low rates of unemployment with price stability. These years followed a burst of very large price increases in the second half of 1950 and in early 1951. The apparent price stability in those years was a combination of rising industrial costs plus rapidly declining farm and raw material prices. During those years farm and raw material prices were essentially collapsing. The ability to achieve apparent price stability with that low a level of unemployment certainly in large part reflected the previous very sharp run up and subsequent collapse in farm and raw material prices.

Chairman PROXMIRE. I wouldn't expect you to get to that level either of unemployment perhaps, or maybe of growth, but I just think that it seems to me that your goals are modest, limited, that we should be pressing for a better rate of real growth than 4 percent and I think we can do it on the basis of all the statistics and information that you have given us and experience.

Mr. ACKLEY. I think the more relevant experience is that of the more recent years. In 1966, for example, the unemployment rate averaged 3.8 percent, and we certainly had an unacceptably rapid rise in prices. I would certainly agree that once any high level of employment is achieved and maintained, pressure on price levels is less strong at that level of employment than when it is moving rapidly up to that level. There are many adjustments that have to take place as employment expands, and those adjustments can be costly for the