Senator JORDAN. What is the present average time to maturity of Federal borrowing?

Mr. DUESENBERRY. Four years and 5 months.

Senator JORDAN. I think it is pertinent here because I think the tendency is for it to shorten all the while. We are getting into short-term borrowing rather than long-term borrowing. Isn't that the tendency?

Mr. DUESENBERRY. It is true that the average maturity has been declining in recent periods. We don't consider that, in itself, of any great significance. The question is whether the mix of securities being offered by the Treasury is the right mix in terms of the kind of securities that the market will take and what is a useful strategy for the Treasury to pursue in minimizing its effects on the securities market.

Senator JORDAN. I understand the present average of all Federal borrowing, the maturity is under 5 years. Do you think that is a good policy?

Mr. DUESENBERRY. There is, of course, from the standpoint of the Treasury's convenience, a case for having nicely spaced maturities running out over a long period, but the economic significance of the average maturity is very small. In fact, if one issues a very small volume of very-long-term securities, one can raise the average maturity with an almost insignificant effect on the real distribution of maturities. So the average calculation doesn't really reveal very much about the impact of the Treasury on the securities market.

Senator JORDAN. Mr. Ackley, you have indicated that you thought we could see a substantial rise in building. How do you anticipate that in view of the fact that interest rates are still almost prohibitively high in borrowing for building? How do you reconcile those two predictions?

Mr. ACKLEY. I think, Senator, that the primary factor which accounted for the sharp drop in residential construction and to some extent in commercial construction as well, was the lack of availability of mortgage funds rather than high rates of interest.

The structure of market rates last year was such as to destroy the normal flow of funds into the thrift institutions. That has now turned around. The thrift institutions have acquired very large flows of funds, and mortgage money availability does seem to be assured so long as the monetary conditions don't tighten.

Senator JORDAN. But the rates have been almost prohibitive. Some consumer rates have been in excess of 7 percent. This seems to me hardly conducive to expecting the building boom that you are anticipating here.

Mr. ACKLEY. Well, I regard it as unfortunate, too, that mortgage rates are as high as they are, and we would all be happier if they were lower.

Nevertheless, even with the current high level of rates, we have seen this very sharp recovery in housing construction. It seems to us that what is most important to continue that recovery is the continuing availability of funds to the mortgage lending institutions. And that can be achieved.

Senator JORDAN. Turning to another matter, if I still have a minute or two, Mr. Chairman, I am concerned that this year has been said by some to be the year of labor trouble. There is the termination of a lot of labor contracts which will be renewed probably in excess of the guidelines which you have scrapped.