However, we certainly do not expect nor would we want the operating rate to get back to the almost 91 percent level of the second quarter of last year. This is too high an operating rate—an operating rate at which our resources were under pressure, and with which we had sharply rising prices. But I would expect that a year from now the operating rate will be higher than it is today, and at a level consistent with a healthy balance between demand and production.

The CHAIRMAN. Let me shift now to another area, new construction. I know that this is an area where we have all been speaking in terms of improvements. Let me ask you, however, if these higher levels are not more or less directly connected with Government construction and expenditures?

Mr. ACKLEY. I don't think so, Mr. Chairman. Public construction as I recall the number, has been essentially on a plateau all of this year, so far, and the substantial recovery in construction has been basically in private construction.

First of all, residential construction. As my chart 3 this morning indicated, it has been recovering steadily at a rather promising rate during the first half of the year.

Industrial and commercial construction did decline into the first half of this year, but that decline has been stopped, and industrial and commercial construction is now stable or rising.

The CHAIRMAN. I have some figures that commercial, industrial, and other construction in June of this year was down about $2 billion below the figure for June of 1966, $24.2, compared to $26.6.

Mr. ACKLEY. Commercial, industrial construction, Mr. Chairman, as I have it here, at seasonally adjusted annual rates, June of last year was $13.7 billion, and in June of this year, $12.8 billion.

The CHAIRMAN. You don't have a table before you then that has commercial, industrial, and other construction?

Mr. ACKLEY. And other?

The CHAIRMAN. Yes.

Mr. ACKLEY. I have a column for "other," which we can add together.

The CHAIRMAN. Please add them together.

Mr. ACKLEY. The "all other" was $12.9 billion in June of 1966, and $12.9 billion in June of 1967.

The CHAIRMAN. What I am getting at then is this—we had a level this year in April, did we not, of 25.7, for the total?

Mr. ACKLEY. Yes, that is the figure both for May and for June.

The CHAIRMAN. Why is this slippage between April and May? I mean, between April and June?

Mr. ACKLEY. Actually, Mr. Chairman, total private nonresidential construction was up slightly from April to June—from $24.9 billion to $25.7 billion.

The CHAIRMAN. That is right.

Mr. ACKLEY. Industrial and commercial construction reached a peak of $15.1 billion annual rate in January, an alltime peak, dropped to $12.5 billion in April, and since then, seems to have again been moving up, which I think would be expected to continue. Restoration of accelerated depreciation could be an important factor in this area.

The CHAIRMAN. All right, now we did have some problem then of slippage in commercial and industrial. When we look on the other hand