at Federal, State, and local construction, you note that in June of 1967, the figure is 26.3 billion, and in June of 1966, it is 23.1.

So what I am getting at is this. That most of the increase, as I viewed the statistics, is in the area of Federal, State, and local construction, and we don't see the improvement in the commercial and industrial areas.

Mr. ACKLEY. I am not sure I caught your numbers, Mr. Chairman. The ones I have for Federal, State, and local for last June of \$23.1 billion for Federal, State, and local.

The CHAIRMAN. That is what I said.

Mr. ACKLEY. It rose to a peak of \$27 billion in February of this year, and then declined to \$26.4 billion.

It has been essentially on a plateau for the first half of this year.

The CHAIRMAN. 26.4, is that about right?

Mr. ACKLEY. I believe the revised figure for June is \$26.4 billion.

The CHAIRMAN. Now is there any indication, however, that we need fear inflationary pressures in the area of private construction?

Mr. ACKLEY. Mr. Chairman, unfortunately this is one of the most inflationary segments of our economy. For a combination of reasons, as you know.

The CHAIRMAN. It looks to me like it is, when you look at Federal, State, and local construction, but when you get out of that part of construction——

Mr. ACKLEY. I was speaking in terms of inflationary pressures as they are reflected in the cost of construction, which has indeed been rising rapidly due to a combination of factors.

I hope there is no great inflationary pressure in the outlook for the construction industry. We do expect a very healthy continuing recovery in residential construction, if we avoid cutting off the funds by renewed tight money crunch, which indeed, as the Secretary suggested this morning, could very effectively cut off the recovery of housing construction.

With the improved level of residential construction that we expect and I think we have every reason to count on, we still should be able to maintain reasonably healthy conditions in the construction industry.

The CHAIRMAN. Now let us turn, Mr. Ackley, to business inventories. The net accumulation, as I understand it, reached its peak in the fourth quarter of 1966. At that time, we had a net accumulation of \$18.5 billion on annual basis.

The first two quarters of this year, while accumulations continued, the accumulations were at lower rates, being \$7.1 billion in the first quarter, \$2.1 billion in the second quarter. And I understand that for the month of July, maybe it was about a zero rate of accumulation in inventories.

Mr. ACKLEY. Mr. Chairman, the figure——

The CHAIRMAN. June, I am sorry.

Mr. ACKLEY. The figure for the second quarter has been revised downward from \$2.1 to \$0.5 billion. That is part of the revision that was announced this morning.

In other words, in the second quarter, inventory accumulation was very close to zero. Included in that revision are the new data for June, which show a net decumulation of almost half a billion dollars.

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