Mr. ACKLEY. Given the expectation that one has about the growth of the labor force, which although it is erratic from month to month or even over a 6-month period, and the expectation of the employment gains that would be associated with the production gains we anticipate, I would not expect that there is danger of a rising unemployment rate over the next year.

Now it may fluctuate and it could go back up to 4, next month. It is erratic from month to month. We had anticipated that the unemployment rate would rise to 4 percent by the middle of the year, and said so.

And in fact, it did. The inventory adjustment cut back manufacturing employment, and this obviously had to be reflected in the unemployment rate. Our expectation for the year ahead is an unemployment rate in the range that we have had for the last year and a half, somewhere around 3¾ percent, and that is the expectation with the adoption of the proposed tax.

The CHAIRMAN. One of the arguments advanced in favor of increasing taxes is the rise in prices. We frequently have heard that pointed to as an area of justifying its requiring an additional tax increase.

Now it is true, is it not, that the consumer price index of 115.6 in May of 1967 is above the 112.6 in May of 1966? There was an increase of about 3 percent?

Mr. ACKLEY. Yes, sir.

The CHAIRMAN. In that period of time?

Mr. ACKLEY. Yes and the figures for June show a further increase, although the same year-over-year advance as in May.

The CHAIRMAN. Now let's look at the figures. How much of this increase, total of this increase between May and May that we just referred to occurred between May and December of 1966?

And then how much of it has occured this year?

Mr. ACKLEY. I am not sure that I can give you percentages between May and December. I can give it to you June to December or December to June.

The CHAIRMAN. I think the increase from May to December was from 112.6 to 114.7. An increase of 2.1 points, while the increase this year, at least through May, to 115.6, was an increase of nine-tenths of a point.

Mr. ACKLEY. Well; yes, sir, and in June it increased another four-tenths to 116.

The CHAIRMAN. Have you any figures on July?

Mr. ACKLEY. No, no figures yet for July, Mr. Chairman.

The CHAIRMAN. This next area is an area I know less about, but I want to get into it, and that is the argument that is made that if we don't have a tax increase, our money supply will be such and the impact of our borrowings upon the money markets will be such as to bring about a very inflationary situation.

Now I know full well the problems the Secretary of the Treasury has. I have been trying to help him for a long, long time to better manage his payments of Government obligations and public debt—with some degree of difficulty I might add in getting my colleagues in the House to go along.