

as sharp in the first part of the year as in the second half, when it should really begin to roll.

Everything we have seen since the time we wrote our report suggests that this is definitely coming. Interest rates are down. The flows of deposits into mutual savings banks and savings and loan associations has greatly stepped up. It even appears that in some cities mortgage interest rates have passed their peak and are coming down. So that we do believe that the revival of construction is well on its way to consummation. But it will take a while, and we do not expect it to be sharp in the first half.

The second reason for a slower first half is the fact that the rate of inventory accumulation, which has been rather high in the last several months, will undoubtedly decline. Last year we were adding to inventories at a rate of between \$11 and \$12 billion. We think that this year the rate of inventory accumulation will be no more than half of that. Most of that decline should come in the first half. Once the rate of inventory accumulation stops declining and merely levels off, this will mean a faster advance in the second half.

I think those are the primary reasons that would affect the pattern that we expect within the year. Perhaps Mr. Okun and Mr. Duesenberry might have something further to say on that.

Mr. OKUN. It does occur to me, Senator Jordan, that as you suggest, there are some private forecasts which have a weaker second half than first. I do not think that is typical. I think the typical view today is in accord with our own, that the return to monetary easing and the leveling off of inventory investment will make the second half of the year stronger than the first.

While our forecast may be a little above the average of most forecasts coming out today, it is our impression that it is not very different. It is not atypical. We have kept score on a great many of the forecasts that have come to us and they range all over the lot. There are some forecasts as low as 770 for the year. There are others that go well into the 790's.

I think the median forecast today is roughly \$785 billion, which is not significantly different from our own views.

Senator JORDAN. Thank you. Mr. Chairman, I have before me "Experts' Forecast of Economic Outlook for 1967," in which experts' forecasts are not quite as optimistic as the testimony we have had this morning. It was printed in the Congressional Record, January 25, pages S-830 to S-835. I ask unanimous consent it be included in the record at that point.

Chairman PROXMIRE. Without objection, so ordered.

(The document referred to follows:)

EXPERTS' FORECASTS OF ECONOMIC OUTLOOK FOR 1967

[Source: Congressional Record, Jan. 25, 1957. Pages S830-S835]

NATIONAL INDUSTRIAL CONFERENCE BOARD—"BUSINESS OUTLOOK 1967": A DISCUSSION BY THE CONFERENCE BOARD ECONOMIC FORUM AND GUESTS HELD AT THE WALDORF ASTORIA, NEW YORK CITY, NOVEMBER 28, 1966

The conclusions of the ten members and three guests of the Conference Board of Economic Forum, meeting for the 21st year, summarized by Martin R. Gainsbrugh, Senior Vice President, National Industrial Conference Board, presented the average consensus of the participants.