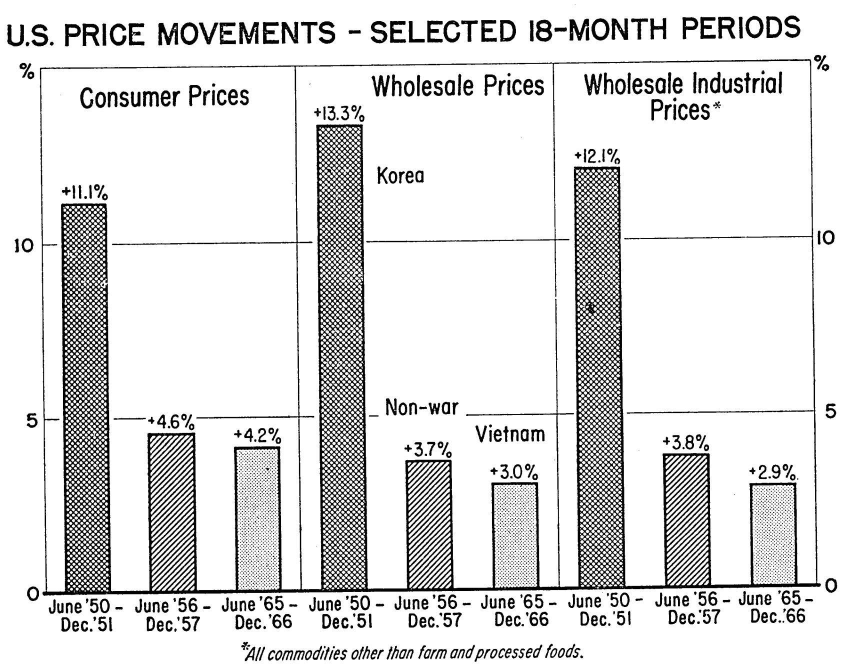
Now returning to our own record, charts 8 and 9 compare two related factors which are important. Chart 8 shows what happened in growth, in gross national product, and in price comparisons. Chart 9 shows price movements for three selected periods in our recent history—one, the Korean war period, which while not entirely comparable, had some of the same elements of dislocation, and second——

Senator MILLER. Are you referring to that Korean war period of 1955 to 1960?

CHART 9



Secretary FOWLER. No. In chart 9, I am referring to the period June 1950 to December 1951, and then I am taking a peacetime period, which was in the heart of our last lengthy expansion, which was June 1956 to December 1957, and then taking the last 18 months, from July 1, 1965, to December 31 of the year just ended, and showing you what happened to price movements in those three periods of time.

In Korean period, from June 1950 through the following 18 months, consumer prices went up 11.1 percent. In June 1956 through December 1957, which was a peacetime period of expansion and growth, consumer prices went up 4.6 percent. Here in the last 18 months, with a heavy involvement in military activities of both production and deployment, the consumer price level went up only 4.2 percent, or somewhat less than the peacetime period of the last major expansion in the mid-1950's.

Now the same pattern prevails on the wholesale price side. You can see here by the bars what happened in Korea on wholesale prices, an increase of 13.3 percent; an increase of 3.7 percent in the nonwar period in the 1950's and 3 percent in the last 18 months.