Secretary WIRTZ. I will be glad, Mr. Chairman, and members of the committee to respond as helpfully as I can to whatever questions you may have.

Chairman PROXMIRE. Thank you for a very fine statement, Mr. Secretary.

Remember, last year, Mr. Secretary, you made a very vivid impression on me and other members of the committee when you zeroed in on this 4-percent interim goal of unemployment and you said:

It will be very much the theme in my testimony here this morning that I point out that even as we stand now on what we have thought of as the interim goal for so long, 4 percent unemployment, we realize that it really isn't the goal at all. It is only the 10-yard line and that the problem left before us is to make the last 10 yards, which we propose to do.

It is now a year later, the December figure was 3.8 and for the year 1967 it is projected by the Council of Economic Advisers to rise to about 4 percent. It looks as if we are not making very much progress and of course the implicit or explicit reason is that there is a feeling that if we get unemployment much lower we are going to have a lot more trouble with inflation.

I call your attention to our experience in the years 1952, 1953, 1954, and 1955, especially the first 3 years I mentioned. In 1952 it was 3.1, in 1953 it was 2.9, and in 1954 it was 5.6. Credit controls came off in mid-1952 and price controls were off in April 1953. In spite of the fact that they came off and there was some pent-up demand and unemployment was below 3 percent, the cost of living rose only eight-tenths of 1 percent—2.2 percent in 1952, and only eight-tenths of 1 percent in 1953, and the following year rose only four-tenths of 1 percent.

What I am trying to say is I think we ought to have a better analysis in the Council of Economic Advisers than the Council has given us. They have done fairly well but I think we should pursue it a little further, of the notion that in the coming year we cannot get below 4 percent without unacceptable inflationary pressures.

Secretary WIRTZ. I didn't say which 10-yard line we were on.

Chairman PROXMIRE. Maybe we have 90 yards to go.

Secretary WIRTZ. That is what I mean. There has not been a very large advance, as large a gain in those terms as I would have hoped. I do point out this, Mr. Chairman, and members of the Joint Economic Committee, that there has been an extraordinary increase in the labor force during this same period and we ought to count our gains, not only in terms of that unemployment figure but also in the increased participation in the labor force.

There has been a big increase in the number of jobs and some of them have gone to people outside the labor force rather than those who were unemployed. But I should like to say this: I think it would be a mistake to suggest that there has been a basic difference on whether you can go below the 4-percent unemployment figure without having inflation. I do not understand the Council to take the position, which is taken by some economists, that there is an immutable Keynesian principle that you do not go below 4 percent on unemployment without having inflation. I don't understand that to be the Council's point.