Mr. ZWICK. A little more than that, I believe.

Chairman PROXMIRE. Four?

Mr. ZWICK. No, I don't think we have a number as high as four. It would be somewhere between three and a half and 4.

Chairman PROXMIRE. In a way, that is disappointing, you know. Looking at it from an overall economic policy standpoint, this committee estimated that we ought to have real economic growth of between 4 and four and a half percent. The feeling on the part of many of the people on our staff and members of the committee was that four and a half percent would be pretty much optimum. Four percent is on the low side.

Mr. ZWICK. That is right.

Chairman PROXMIRE. Of what we would like to have.

Mr. ZWICK. Yes.

Chairman PROXMIRE. And you say it is going to be less than that?

Mr. ZWICK. Yes, that is correct. I think the issue, as I stated in my testimony, is whether we have to pay something for the lateness that we had in taking fiscal restraint. I think what we are concerned about is that we do not want to return to a period like the 1950's, where we had essentially a boom-and-bust situation, where we had real growth rates of under two and a half percent when averaged over the business cycle, and where we had higher unemployment rates on the average. I think the issue is whether we can follow a flexible fiscal policy, which over some extended period of time will give us a better performance than looking at any 6-month period, and say, "That isn't the four to four and a half percent real growth, that we would hope for."

Chairman PROXMIRE. But if we are going to slow down much below the four and a half or 4 percent economic growth, real growth, it suggests that we are going to increase our level of unemployment. Now unemployment is low.

Mr. ZWICK. Yes.

Chairman PROXMIRE. We just have a report that it bounced down again to three and a half percent, which is a 17-year low.

Mr. ZWICK. That is correct.

Chairman PROXMIRE. It has been that low several times recently but it hasn't been lower than that.

Mr. ZWICK. Yes.

Chairman PROXMIRE. You would anticipate we would have increased unemployment?

Mr. ZWICK. Yes.

Chairman PROXMIRE. How much?

Mr. ZWICK. We would not expect it to hit 4 percent by the end of this year, but we would expect it to go up above the three and a half percent level we now have. Again, the argument is what sort of levels you can maintain over an extended period of time. The only history we have is the 1950's and more recently the beginning of the 1960's during which we went up and down, but averaged out at a higher rate of unemployment. What we are trying to do is avoid the sort of situation where over a period of 5, 6, 8 years you find that you have had peaks and valleys in the unemployment rate, but that the average rate was more than 4 percent and frequently over 5 percent, as it was in the 1950's. But clearly as you look at the last half of calendar year 1968, unemployment will be going up somewhat.

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