Let us take a look at the economy. Because you are close to the statistical heart of our Government, I think your comments would be very helpful.

It seems to me that at best we have a mixed bag on the basis of the January statistics—it is awfully hard to argue that this is an economy that is booming too fast, that we need more restraint, that unless we slow down we are going to be in trouble.

It is true unemployment went to a 15-year low in January. But you know far better than anyone in Government perhaps what was concealed in those unemployment figures.

Number one, you had the fact that something like 500,000 women left the job market and were no longer seeking work.

Number two, the hours of work per week in the factories actually declined from 40.8 to 40.5, indicating less pressure on manpower resources; 40.5 is a figure as low as it has been since 1962. So, this indicates the pressure on manpower is not very great.

The rate at which our plant capacity was utilized is still only about 85 percent—15 percent idle. And, back in 1964, one of the arguments for reducing taxes was that our plants were operating at only 85 percent of capacity.

Industrial production, which was very disappointing last year, grew very little—only a little better than 1 percent—dropped in January; it did not increase, but it fell. Housing starts were disappointing. Inventories grew $9.2 billion, and the expectations are they will continue to grow over the next 4 or 5 months because of the steel situation, and then decline, which will tend to slow down the economy.

Retail sales were up, it is true, but personal income was up far less than expected, and far less than it has been for a number of months.

There is no indication in consumer intentions that we can get that we can expect a boom from less saving and more spending.

The business investment in plant and equipment is expected to increase somewhat in this quarter, but then level off and we will get very little stimulation from that source.

So, under those circumstances, I would like to ask you this question.

You said that you were quite sure that with the surtax we would have less unemployment than we have now—at least I understood you to say that.

Secretary WIRTZ. Yes.

Chairman PROXMIRE. If in June or July when we vote on the surtax unemployment is higher, significantly higher than it is now, will you still feel it would be a good idea for us to vote for this kind of restraint in the economy?

Secretary WIRTZ. I would reply just as honestly as I can to the question. Every factor you have mentioned squares with the information that I have, and contributes to making this what I think of as a complex question and complex problem. The things you mention drive me to what I admit as a kind of intuitive judgment that I am clearest about this whole thing in terms of paying bills.

Now, with respect to the statement that unemployment will be lower—Mr. Ross advises me just here as we talk that he thinks that is a dangerous statement to make, because we do not know what is going to happen even as far as the work force is concerned, as far as these various things go.