the debt held by the public, this would have an effect of reducing the liquidity in the hands of the public. There are two dimensions of this.

Representative REUSS. Thank you, my time is up, Mr. Chairman.

Chairman PATMAN. Senator Miller?

Senator MILLER. Thank you, Mr. Chairman.

Dr. McCracken, I appreciated the very fine statement submitted by you and your colleagues, Dr. Houthakker and Dr. Stein.

I was very interested in the point made wherein you state that during the last 3 years we have gained little on the unemployment front and we have lost considerably on the price front.

During those last 3 years, I am told, that there were 180,000 more Federal civilian employees added to the payroll, 657,000 more members added to our Armed Forces, and that upwards of 2 million are estimated to be working in defense industries because of the war.

Would it be fair to conclude that this war has had a considerable impact on that low unemployment rate as a result of those figures I have given you?

Mr. MCCRACKEN. Yes, I think it probably has. It has had the effect of removing from the normal civilian employment those people to whom you have alluded. There has been some direct employment provided by the defense industries.

The basic thing that has happened here, in the last few years, is simply the pressure of demand on our productive facilities which has kept employers also looking for labor, reexamining their skill requirements, and educational requirements.

Senator MILLER. Well, what concerns me is the thought that possibly, although we may be very euphoric about the low rate of unemployment over the last 3 years, because of the direct impact of the war on this low unemployment rate, we may not have really come to grips with the underlying causes of unemployment, at least to the point of being able to eliminate them, so that when the war in Vietnam is over, we will be able to meet the crisis in the unemployment that would arise.

Do you believe there are areas in this unemployment problem we really haven't come to any grips with?

Mr. MCCRACKEN. Oh, yes. As we have said in our statement we consider this to be one of the most critical problems facing this country.

Senator MILLER. Roughly, I understand the gross national product has increased around \$3½ billion in the last 8 years, and there is a lot to be said about this dramatic increase. But I am also advised that according to the economic indicators that our total debt, Federal, State and local, and private, has gone up just about double that figure. One doesn't hear much about that side of the coin, but to me that is a troublesome side of the coin.

Do you think this is a healthy situation when the total debt of this country goes up about twice as fast as the gross national product?

Mr. MCCRACKEN. I think the ratio between total debt outstanding, public and private and gross national product has historically been a little—something like 1.8 or thereabouts. In other words, about \$1.80 of debt outstanding per dollar of gross national product.