for myself, I believe that the surtax should be extended to reduce upward pressures on demand and prices and to reduce or eliminate the Federal budget deficit, thereby making it possible for the Federal Reserve System to conduct a more flexible monetary policy.

A FORECAST OF 13 SELECTED ECONOMIC SERIES

Turning now to the details of our forecast, table 1 shows annual data for the last 5 years and the 1969 forecast for 13 selected economic series.

TABLE 1.—SELECTED ECONOMIC SERIES, 1964–1968 AND THE UCLA FORECAST FOR 1969

	1964	1965	1966	1967	1968	Forecast 1969
1. Gross national product (billion current dollars)	632	685	748	790	860.7	921.0
2. Federal Reserve Board Index of Industrial Products (1957–59=100)	132	143	156	158	165.3	170
3. Private housing starts (million)	1.53	1.47	1.16	1.29	1.50	1.60
4. Automobile production (million)	7.8	9.3	8.6	7.4	8.8	8.5
5. Wholesale Price Index (Bureau of Labor Statistics 1957–59=100)	100.5	102.5	105.9	106.1	108.7	111.0
6. Consumer Price Index (Bureau of Labor Statistics, 1957–59=100)	108.1	109.9	113.1	116.3	120.9	125.0
7. Civilian employment (million)	69.3	71.1	72.9	74.4	75.9	76.9
8. Unemployment as percent of civilian labor force	5.2	4.5	3.8	3.8	3.6	3.9
9. Average hourly earnings, manufacturing industries (dollars)	2.53	2.61	2.72	2.83	3.01	3.15
10. Interest rate on 3-month Treasury bills, percent	3.55	3.95	4.88	4.32	5.34	5.15
11. Corporate bond yield (Moody's Aaa) percent	4.40	4.49	5.13	5.51	6.18	6.15
12. Corporate profits before taxes (billion dollars) [1]	66.3	76.1	83.9	80.4	89.2	92.0
13. Dow-Jones average of 30 industrial stock prices:						
High	892	969	995	943	985	1,060
Low	766	841	744	786	825	900

[1] With inventory valuation adjustment.

The first is "Gross National Product," which is discussed in some detail later. Suffice to say here that, although our forecast of GNP of $921 billion is higher than that of some other private forecasts, it is the same as that presented in the 1969 Economic Report of the President and adopted by Dr. Paul McCracken, Chairman of the present Council of Economic Advisers, in his statement to this committee last week.

"Industrial Production," which includes output of manufacturing, mining, and utilities industries, is expected to increase by 4.7 points in the Federal Reserve Board Index in contrast to 7.2 points in 1968. This reduced rate of growth is about in proportion to that expected in "real" GNP.

"Residential Construction" is expected to continue the expansion which began in 1967, with the number of new private housing starts advancing to 1,600,000 in 1969 from 1,500,000 in 1968. In support of this optimistic forecast, the basic demand for housing in terms of existing vacancies is extremely strong, and we believe that the supply of mortgage credit, building materials, and skilled labor will be adequate to do the job.

"Automobile Production" is forecast to decline somewhat from the high level of 8.8 million reached in 1968 to 8.5 million in 1969.

"Wholesale Prices" are expected to increase by 2.3 index points or 2.1 percent in 1969, or slightly less than the 2.4-percent rise in 1968.

"Consumer Prices" are predicted to increase by 4.1 index points or 3.4 percent in 1969, or slightly less than the nearly 4.0-percent rise in 1968.