I think that Chairman Martin's reference to the need for prompt action related to the need for the public and particularly the financial markets to be assured that this action will in fact be taken. The sooner that recognition can be achieved the better off we will be in eliminating the unfortunate expectations which seem to exist.

Representative CURTIS. In other words, the administration as I interpret it is abandoning leadership in this area and saying let the public lead or let the Congress lead.

Let me refer to the latest annual report of the Bank for International Settlements which comments that the question for U.S. economic policy in 1966 was "To tax or not to tax."

This article goes on to say that the question was answered in an indecisive way and that, as a result, excess demand gathered momentum, having the task of restraint to monetary policy.

Don't we face the same problem later this year, unless the administration moves decisively?

Mr. ACKLEY. Certainly there is no question that as of the end of this year the economy will need active restraint of a tax increase. At this moment, it is not needed as it has not been needed during the year up to this time. When the President's proposals were made in January he made clear that there were uncertainties in the outlook and that these might influence the timing of any action which the Congress might find it appropriate to take. Those uncertainties, it seems to me, now are largely eliminated. The prospect for later this year is for the kind of advance that sooner or later will need to be restrained. I think beyond that I am not in position to go, Mr. Curtis.

Representative CURTIS. Let us go to another tax question.

The reduction in auto and telephone excise taxes, scheduled to take place next spring, will represent about a $300 million loss of revenues in fiscal 1968 and, in effect, a tax reduction of $1.3 billion for calendar 1968 as a whole. Has the administration considered asking for legislation to postpone these reductions, or have you considered it in your economic shop?

Mr. ACKLEY. Quite clearly we have considered it, and the admintration has considered it. When and if the administration has any proposals in this respect, I am sure that they will be submitted to the Congress. Again, I am not in the position to make that proposal at this time. I think it is clear, Mr. Curtis, that something will need to be done about the reduction in the automobile excise that is now scheduled for April 1st, because it implies, as presently scheduled, a 5-percent reduction in the excise rate on new automobiles.

This could amount to as much as $150 on an average car. The anticipation of a reduction of that size would obviously be disturbing to the stability of the automobile market and to the economy; so some kind of action almost surely will need to be taken.

Representative CURTIS. Turning to the expenditure side, I notice in your statement a revision in the expenditure estimate given in the budget of January for fiscal 1968 from $135 billion to $136.4 billion. I am glad to hear that there is some revision. This is the first I have heard about it.

Mr. ACKLEY. I believe, Mr. Congressman, that this larger figure was the estimate which the Secretary of the Treasury and the Director of the Budget tentatively gave to the Senate Finance Committee the other day. There will be, as you know, a new estimate given to this