continues to save at the present rate. It depends on unforeseeable developments in the Vietnam war situation. It depends on liquidation of inventory and depends on all kinds of things in this enormous economy in which there are so many factors at work.

At any rate this brings me to the admonition which is that I hope what you are telling us this morning does not mean that the administration has definitely and finally and firmly decided that they are going to ask for a tax increase. Presumably as long as the President has not come down to update that July 1 suggestion that he made, his options are open. He could let it pass. He could not press for a tax increase.

I hope that you, as the principal economic adviser of the President will keep his eye on the indicators and if they continue to be sluggish—if they don't improve as they did last month—on the suggestion that the economic case is still not there for a tax increase.

Mr. Ackley. Since you put it that way, I feel that I have no option but to say very clearly that the position of the administration was in January that the tax increase was needed, and it is even more so on the 27th of June.

Chairman Proxmire. But you have told us also that there is no case for a tax increase in July.

Mr. Ackley. That is absolutely right.

Chairman Proxmire. You don't need it.

Mr. Ackley. With all due respect for your observations on the frailities of forecasting, and I must say that I share them all, I think we have no better course than to make the very best judgments we can about the future and to act on those judgments.

Chairman Proxmire. But make those judgments as late as you can and then you have the most recent up-to-date information which may well be in August. Suppose the figures for June and July recede again. Suppose industrial production does not increase. Suppose unemployment increases some. Suppose these other indicators go in the other direction.

Mr. Ackley. We can suppose what we want, Mr. Chairman. Three months ago I think there would have been grounds for uncertainty. I think those grounds for uncertainty have essentially been eliminated. We have tried to tell you today that whatever uncertainties might have existed in January, to which the President referred and we referred, have been eliminated for all practical purposes. Our considered judgment of the state of the economy and the prospects of the economy call for a tax increase or equivalent fiscal restraint if we wish to avoid an acceleration of price increases and/or a return to tight money, or possibly some of both.

Chairman Proxmire. You aren't telling me that you have now shut your mind and are going to ask for a tax increase regardless of what happens before the President actually comes down with a specific request as to the time? You aren't saying that, are you?

Mr. Ackley. No, I am not saying that. I am saying that it seems to me that as of now it is clear that a tax increase is appropriate and that as economists, we feel that this is as certain a forecast as we are ever able to make about the state of the economy. Obviously, we can be wrong.

Chairman Proxmire. But it will be an even more certain estimate of the economy 2 or 3 months from now when the President has to make a decision.