Mr. BYRNES. They were given time to make the necessary changes, Mr. Secretary. They weren't confronted with a tax proposal containing an effective date only a month and a half from the time the first hearing was held.

Secretary FOWLER. I don't think there was a very long interval between the final enactment of that bill when it became law and the new tables were issued and their incorporation into a new withholding.

Actually the change in the new withholding can be started just as soon as the Internal Revenue Service is sure what the new rates will be. If it should develop that there is no difference between the House and the Senate, I am being presumptuous here that we would have a bill, the Service could begin the transition to the new rates without waiting for the conference or the enactment.

Now, that transition to the best of our experience runs roughly like this. It takes about 9 days to print up the new folder, the new circular. Actually in 1964 it took 5 days, but the circular was smaller, 32 pages then. The Service now tells us it would take about 9 days. At the same time advance notice can be sent to the employers advising them to start preparing for the new withholding rates.

We would take about 2 days to distribute the circular to the Service centers, about 3 days to label them and put them in the mail, and about 2 days for delivery to employers, and then assume enactment at this point, the remaining time, 10 to 15 days, we think is adequate for the employers to incorporate the new rates and notify the employees. If there were not a different schedule in the Senate action and the House action on rates, then from the time of the Senate action to the effective date of the new withholding, somewhere between 26 and 31 days would be required.

Mr. BYRNES. In order for the new withholding tables to be effective in October, the Senate would have to take action in conformity with the House within the next 2 weeks.

Secretary FOWLER. No; I would say that as a practical matter what we are looking at is action by the Congress in the latter part of September, hopefully the rates change to be effective as of October 1, with the new withholding tables and rates to be in operation as of November 1 or within 25 to 30 days after the date that the rates appear to be fixed as a result of congressional action.

Mr. BYRNES. Dr. Ackley, on page 13 of your statement you list a number of consequences to the economy if Congress were to reject the President's proposal.

I wonder if you could tell us what the situation will be if the tax proposal is adopted. It is going to change State and local government spending?

Mr. ACKLEY. No, sir. I think we would have to go through these one at a time and substitute a somewhat different assumption about the growth of spending by sectors, depending on the passage of the tax bill.

Mr. BYRNES. What about State and local spending? Would that be changed?

Mr. ACKLEY. I should think not.

Mr. BYRNES. What about spending by the Federal Government?

Mr. ACKLEY. I should think again that would not be changed by the action on taxes.