Mr. Ackley, in your exchange with Mr. Mills yesterday you mentioned about the figure going down to 3.9 from four points last month, but our average hours per week in June continued to decline where it is now 40.2. I don't think we have seen a cessation of this decline yet.

Mr. ACKLEY. Yes, Mr. Curtis, we have.

Mr. CURTIS. You agree this is an important indicator to look at?

Mr. ACKLEY. Yes. In July, however, the average hours did turn up, not only in manufacturing, but in other areas as well.

Mr. CURTIS. What was the total? I don't have that figure. All I have is the July issue of Economic Indicators.

Mr. ACKLEY. In July the average hours in manufacturing increased to 40.3. In contract construction they rose from 37.2 to 37.5, in retail trade from 35.5 to 35.6. So that in the areas in which we have data on average hours it has begun to reverse the downward trend.

Mr. CURTIS. It still is not a strong figure.

Mr. ACKLEY. No, it is well below a year ago, Mr. Curtis.

Mr. CURTIS. And, of course, I am looking at the trend, as I know you are.

Mr. Secretary, the fifth item in our list of objectives—after (1) avoid high interest rates; (2) cope with inflation; (3) unemployment; and (4) deficits in our balance of international payments—is to avoid a recession or a slowdown.

Now, I would use the word "slowdown" to describe the economic situation we are in today. In your revision of revenue estimates for fiscal 1968 you moved down from a January revenue estimate of $126.9 billion by about $10 billion, did you not?

Am I right in that?

Secretary FOWLER. No, revised it down by $7 billion.

Mr. CURTIS. You revised it down to $7 billion. How did I take off the figure?

Secretary FOWLER. I think the figure that Mr. Mills asked me for was a figure without any tax increase at all.

Mr. CURTIS. That is what I am talking about.

Secretary FOWLER. And $126.7 billion contemplated a 6-percent increase.

Mr. CURTIS. In other words, without any tax increase you revised the $126.9 billion downward by how much?

Secretary FOWLER. $7 billion.

Mr. CURTIS. By $7 billion. The point I am getting at is that $7 billion is a reflection of the economic situation which didn't turn out as anticipated. Am I not correct?

Secretary FOWLER. No; only in certain particulars. I give the breakdown of the $7 billion, as you know, Mr. Curtis, in the statement.

Mr. CURTIS. Yes, I have that. Take corporate revenues.

Secretary FOWLER. The decline in corporate revenues, is one reflection of that and the decline in personal income which we estimate will reduce our revenues by $300 million is another reflection of a slacker first 6 months, than we had contemplated.

Mr. CURTIS. Yes. Of course, that points up a very key point. In considering a tax rate increase the only reason for its being proposed is on the assumption that it will increase revenues. That is correct, is it not?