to produce a downturn—who will be willing to take the other side of it in a responsible way.

Secondly, I think you have to look at the alternatives. What are going to be the consequences of not voting a tax increase designed to reduce this deficit and bring it into reasonably manageable proportions?

I think you also have to look at the conjunction of the tax increase with the efforts that are made to reduce and hold down expenditures. It is the combination of these two prongs of the program which put an entirely different phase on the magnitude of the extent to which the Federal Government would have to go into the market to borrow, add pressures to the market, and which put an entirely different phase on the future pattern of stimulation to the economy from the deficit on the NIA account that would be steadily trending down during the course of the 12 months ahead, according to Chairman Ackley's testimony yesterday, rather than a constant heat on the boiler from a constant or increasing NIA deficit from the second quarter figures all through the next year or 18 months.

Mr. SCHNEEBELI. I agree with your second statement. With regard to your first statement, I would like to make a comment from some other areas of concern.

The First National City Bank in its August monthly economic letter says, "The administration continues to express optimism about the strengthening of the economy. Business management by and large are not as cheerful as either Washington or Wall Street about economic expansion surging forward. Corporate profits remain depressed in the second quarter."

A July statement by the Bank of America——

Secretary FOWLER. May I comment on that for just a moment, the First National City Bank?

Mr. SCHNEEBELI. Yes. Go ahead.

Secretary FOWLER. I have all of those statements. I will be glad to bring you a compilation if it will be of any interest to you, of the statements of many of these banks.

I think that you will find the solid conviction of the officials of the First National City Bank of New York is that this tax increase should be voted.

Now, whatever side comment may be made in the monthly letter, that is the conviction I think you will find of those people who are in charge.

Mr. SCHNEEBELI. I said I agree with your second premise that from a monetary and fiscal viewpoint that we should probably have a tax increase. But from the point of view of the effects on the business economy I said I don't wholly agree with you.

I don't think Mr. Ackley made a selling statement as far as I am personally concerned. That is why I am reading from this statement saying this tax increase may not have the beneficial effect or may even have a detrimental effect.

Secretary FOWLER. What was said in that letter, and I think the whole letter ought to be read to get the full context, is a perfectly obvious observation. If you are in the steel business which has been going through a substantial inventory adjustment in one of the various lines of manufacture where your customers, rather than buying from you at the pace at which they sell, are using up, reducing their