Mr. SCHNEEBELI. I would like to say that the White House is doing a good job in making its position clear with regard to Federal pay increases. I think they have done a very excellent job. I hope they stick with it.

Secretary FOWLER. Mr. Schneebeli, I would like to point out that the President in his message sending up this particular measure did comment and say that, "The current situation summons those groups"—referring to business and labor communities—"as never before to maintain that responsibility in their wage and price decisions."

Now, I think, as was said here this morning, to some extent these high wage demands are symptoms of the increasing price levels that have transpired over the last year or so. The tax increase proposals and the program that is before this committee involving the tax increase and an effort on the part of both Congress and the administration to reduce expenditures is designed to hold back and to fight inflation which is one of the causes of these extravagant demands.

If inflationary pressures are allowed to continue to grow, the spiral that we would all be concerned about will become an increasing spiral and our opportunity and our chance to come back to the pattern of relative price stability that characterized the period 1959 through at least 1964 would be delayed—we want to work back to that kind of pattern.

Mr. SCHNEEBELI. I realize this is not your province, Mr. Secretary, this matter of these huge wage increases, but nevertheless they certainly have an impact on what we have been discussing in the last few days on our fight on inflation. It seems to me the administration might be a little more vigorous in trying to keep these inflationary wage increases from coming into being.

Secretary FOWLER. I would agree that there is a direct relationship between these two, as the President's message has indicated. The emphasis on both the avoidance of excessive demands, which is an inflationary force, and the avoidance of wage price changes that are destabilizing are two prongs of the same problem; namely, the drive for price stability.

Mr. ACKLEY. Could I comment briefly on the subject which Mr. Schneebeli raised about the forecasts of economists with respect to the impact of the tax proposal?

I think the views of the economists and others on this are in the process of being revised rather drastically just within the past few days or weeks as additional information becomes available.

For example, at noon today, the Commerce Department released figures in personal income. They are rather striking. Previously published preliminary figures on personal income for June showed a gain of $3.7 billion in personal income from June over May. This was the largest personal income gain since January.

That has now been revised upward substantially to a $4.4 billion gain for June. Preliminary figures for July show a further increase of $4.5 billion for July. The total increase in those 2 months alone of $8.9 billion, practically $9 billion. At an annual rate that would be almost a $54 billion gain.

This compares with the gain in the 4 months from January through May of only $7.8 billion.