

Mr. BATTIN. I have and then I will yield the floor.

First of all I have two questions. One, I was interested in your statement on page 13 that you made this morning, I think Mr. Byrnes questioned you about the items you have listed and what would happen if the tax did not go into effect. One of your assumptions really laid me low. That is your assumption that there will be no major interruptions from strikes. The Labor Department and everybody else across the country, business people, are preparing for strikes. I don't know how we can assume with all the contracts that are up this year that there are not going to be some major strikes. Let us assume there were some strikes how would that affect the itemization that you have there?

Mr. ACKLEY. I think the effects to which we were referring here were unusually large and lengthy strikes. We have had, of course, a number of strikes this year. The number is higher than in a great many years.

Mr. BATTIN. The copper industry.

Mr. ACKLEY. The rubber industry was on strike for more than 2 months.

Mr. BATTIN. The automobile industry going out.

Mr. ACKLEY. We have so far avoided a rail strike and I trust we will. The effect of a prolonged strike in a major industry such as automobiles would undoubtedly be to put a temporary dent into incomes and production and it would begin to show up in the statistics. The primary effect of that would be to defer production and expenditures to a later period when the strike was over. This could, as sometimes has happened in the past with major strikes, create difficult problems of too fast a spurt in demand, and inventory movements that are disturbing to the economy.

I don't think one would say that it would make the difference between an advancing economy and one——

Mr. BATTIN. Then I don't understand why you made the assumption.

Mr. ACKLEY. A major prolonged strike in the automobile industry, for example, which would affect all producers instead of a single one, if it lasted several months, could undoubtedly delay the rise in expenditures and incomes. The reference here was to gain in the second half of the year and some of those gains would be deferred into the first half of next year.

Mr. BATTIN. Then I will go to the last area. I have been on the committee for 3 short years and there does not seem to be any certainty in tax recommendations that are made. Nobody has determined whether or not as a Federal Government we have certain fixed policies relating to taxation. Would it be fair to say that we are using this method of surtax and the shutting on and off of an investment tax credit, as a means of economic control or direction of the country? Is that a fair statement or is it just a ghost I see somewhere?

Mr. ACKLEY. I think it is certainly fair to say that the tax recommendations have taken account of the economic situation, as I think they properly should. I think there has been something of a false specter raised, the notion that we should delicately adjust taxes all the time to achieve some kind of objective of steady economic growth. I think that is a greatly exaggerated notion. I for one have never felt