Mr. SCHNEEBELI. That would be a climate in which to decide this than at the present time.

Dr. MADDEN. It would be a better time, yes.

Mr. SCHNEEBELI. That is all. Thank you.

Mr. ULLMAN. Mr. Chairman.

The CHAIRMAN. Mr. Ullman.

Mr. ULLMAN. Mr. Winter, I get a little bit discouraged with what I call gooneybird economics. You know the story about the bird that flies backwards because he would rather see where he has been than where he is going.

This committee unfortunately can't indulge in that kind of economics. In your statement you have indicated that you want to wait until it is substantially more certain than now that there will be a major upturn in the economy and inflationary pressures are more apparent.

Just last week we had some new figures from the Department of Commerce. There has been a rather startling and major shift in the economic climate of the country. Almost every indicator that we have been given during this past 10 days indicates a strong upsurge in the economy.

If we are going to try and run this country on the basis of what happened 6 months or a year ago (because to be 100-percent certain that is what you would have to do) I think we would be in a pretty sorry mess.

That is the kind of thing that leads to major recessions, major ups and downs, that could be disastrous to the total economy.

Mr. WINTER. I believe Dr. Madden will want to expand but the point I do want to make is that if a tax increase is placed in effect and if in fact the result is similar to the downturn in 1959 where the revenues dropped off so badly, then what is the alternative?

I think we are in real difficulty but I would like Dr. Madden to respond if that would be satisfactory.

Dr. MADDEN. I certainly agree with you if one accepts your premises. However, let me read to you from the editorial in Business Week of August 19, on page 158:

> As for timing the situation is even less clear. Moreover, the economy has not yet regained its full momentum after the slowdown in the first half of the year. Industrial output is lower than it was a year ago. Factories are operating at only 83 percent of capacity as compared with over 90 percent a year ago. The average work week has been shortening almost continuously since last fall. Consumers have been saving a relatively high proportion of incomes. With this sort of slack in the economy there is a strong argument for allowing the business upswing to gain more speed before clamping on new restraints.

The figures that you refer to of last week, personal income figures and unemployment figures, naturally are going to rise at the end of a half year of rolling readjustment and it is typical of the beginning of such an upturn in the annals of business cycle history that the upturn in the figures when it first comes is larger than it is later as the upturn develops, larger in percentage amount, so while some indicators have risen, the question before this committee it seems to me is the very question of how to evaluate the timing of the upturn and the speed of it, and there is in the judgment of competent observers some question as to the strength and the speed of this upturn and, of course, it is the administration's responsibility to make the case for their position.