tion is another question which depends on how strong the demand for the products of these corporations is.

If the demand for their products is sufficiently strong, then prices will rise and they can recover the cost of the tax increase. If the demand for their products is not sufficiently strong, then the only thing that can happen is that profits will fall.

Mr. BROYHILL. Then you don't know for certain yet whether this surcharge will necessitate additional borrowing on the part of corporations?

Dr. MADDEN. Insofar as it constitutes an increase in costs of a corporation it certainly seems reasonable to think it would increase the need for borrowing, but it is impossible to estimate how much.

Mr. WINTER. Cash certainly is required to pay taxes and adding 10 percent to the tax bill would certainly involve additional money.

Dr. MADDEN. Certainly.

Mr. BROYHILL. Thank you.

The CHAIRMAN. Any further questions? Mr. Battin.

Mr. BATTIN. Mr. Chairman, I think maybe the West must be famous for birds. We have the gooneybird economic theory and out where I come from we have a baffle bird. He is one that continually changes his course of flight and nobody knows where he is, but nine times out of 10 he gets lost and doesn't know where he is either.

I was amazed to watch the President's Chairman of his Economic Advisers sit before us and go into great detail on economic indicators reflecting the past and projecting the future and based upon these make the recommendation that there be the 10-percent surtax. I am a little bit curious as to how we as a committee or the Congress or the business community, having built up through the years a rather substantial storehouse of information on trends and economic conditions, would ever assume that we could just go forward without ever looking back to see where we have been or what might happen under given circumstances and conditions.

I think the indicators that were presented to us the first day of these hearings and the ones that have been presented since don't give any clear indication of what might happen in the next two, three, or even four quarters.

Would you agree with that?

Mr. WINTER. Two, three, or four quarters?

Mr. BATTIN. Ahead.

Mr. WINTER. Well, I don't know that I projected that far. Certainly the projections at that time indeed to me did not indicate that the case had been made out for action now.

Dr. MADDEN. I read Mr. Ackley's statement. It seemed to me that Mr. Ackley did not in his statement formulate propositions about the future, the next three or four quarters, that were very accurate or specific. He stated that the economy was going in for a very strong rise, but he confessed that he could not quantify the timing or the speed of that rise, and that is exactly the issue before this committee, in my judgment.

Insofar as the tax surcharge bill is an economic measure it rests upon the judgment about the impact of the tax on the economy, so you are quite right the way in which economists attempt to forecast economic