

poses the risk of a massive outflow of funds that could create a balance-of-payments deficit of crisis proportions.

I conclude as follows:

A complete turnabout in the design and execution of economic policy is mandatory for the coming year to avoid the near-crisis conditions the administration imposed on the economy in 1966. Last year Government policy was the chief source of uncertainty and instability in the economy.

Policy should be designed to meet current problems while encouraging a balanced economic future, instead of designed to weather today's problems with no thought of tomorrow's. Policy should be based upon economic, not political, considerations. Finally, policy should be planned with the explicit recognition that we cannot know all the answers. Present forecasting techniques do not allow us to make the decisions having their impact many months in the future. Flexibility is required, not increased "uncontrollable" expenditure commitments or heavyhanded revenue measures with uncertain effects.

During the hearing on the President's Economic Report, we in the minority hope to obtain the answers to many questions which have created an undeniable sense of uneasiness in the Congress and among the public. After considering the testimony to be presented at these hearings, we will present in more detail our views on the appropriate course of economic policy in 1967 in the minority section of the Joint Economic Committee's annual report.

Mr. Chairman, I agree with the sentiments contained in the statement of the minority members of the Joint Economic Committee, but would like to make the following supplementary points:

It is clearly evident from the President's Economic Report that all the administration's incantations and all its economic sleight-of-hand were unable to keep some old-fashioned chickens from coming home to roost.

The administration has failed to take the fiscal measures needed to bring inflation under control in 1966 and now it is forced to admit that the economy may slow down this year while inflation will remain a serious problem. I am very disturbed by one evidence of this slowdown, the cutback announced in the automobile industry.

In my judgment—and this is the critical point we all noted—at the moment the administration has failed to present a convincing case for the 6-percent tax surcharge. I will withhold my support until I have the opportunity to consider the testimony of the administration witnesses and other experts during these hearings and also, and very importantly, to gage the state of the economy in the next 60 to 90 days. I urge my colleagues to do the same. I feel, Mr. Chairman, that we should consider the evidence we receive in the next 60 or 90 days before we decide whether a tax surcharge is called for to prevent a recession or whether it is really essential to deal with the deficit and inflation.

Just one or two other points. First, I note that last year the President's report made specific reference to the wage-price guideposts of the Council of Economic Advisers, and the President specifically endorsed them, stating that "it is vitally important that labor and industry follow these guideposts."

This year, the President's Report makes no mention at all of the guideposts, but instead confines itself to vague generalities, such as: