It seems to me that inevitably this is going to have in the months to come before July 1 a chilling effect on both consumers and on investors in new plants and equipment, because they are going to feel that come July 1, they are not going to have as much money in their pockets and they had better plan their private budgets accordingly.

Would it not have been better, in view of the possibility of increased unemployment, for the President to have requested whatever tax plan he wanted—a 6-percent surcharge, if you like—and asked the Congress to act on it, iron out the details, have the lengthy hearings, and if approved, enact it, but provide that it not go into effect until and unless the President requested that it go into effect, and Congress by a speedily passed joint resolution could have acted on it? Would not that method have kept our anti-inflationary powder dry and avoided what I fear may be a short fall in demand in the next few months?

Mr. ACKLEY. Certainly there is much to be said for improving the flexibility of fiscal policy. There are even many economists who feel that it would be highly useful for some experimenting to be done with discretionary tax authority in the hands of the President, subject, as you suggest, to prompt congressional approval or veto.

But with respect to the particular situation of the next few months, I am not sure that your suggestion would have created the additional certainty that might prevent the expectation of a possible tax increase depressing expenditures in the meantime.

Representative REUSS. I hope you are right.

Mr. ACKLEY. If the tax increase had been passed but put in suspension, I think it would have the same effect—to the extent there is any such effect in depressing expectations.

Representative REUSS. Let me turn now to the inflationary side, and I want to join in a theological discussion on "are the guideposts dead?" I gather from what you have said that we certainly do not have any clear wage guideposts.

Let me ask: Was the President's Labor-Management Committee—headed, I believe, by the Vice President—consulted on that portion of the Economic Report which relates to the guideposts and did they give the Council the benefit and give the President the benefit of their views, and what were their views, and were they written, oral, or what?

Mr. ACKLEY. The Labor-Management Advisory Committee has met several times this year and the Council has participated in those meetings. You may recall that last August the Labor-Management Advisory Committee declared itself with respect to guideposts, suggesting the abandonment of a fixed numerical standard but endorsing thoroughly the productivity principle. That statement of the Labor-Management Advisory Committee was, of course, very much in our minds as we thought about guidepost policy for 1967. At a subsequent meeting of the Labor-Management Advisory Committee in the late fall, we specifically suggested to them the kind of approach we were considering. I believe, without any formal action or adopted resolution, that they did agree that the general character of the approach that we were proposing was one which they approved.

Representative REUSS. Has that resolution been made public?

Mr. ACKLEY. The one of last August was.