

of Economic Advisers. Our record last year was less than perfect. We have no infallible crystal ball. We do the best we can.

The proposal for a tax increase to take effect in the second half of the year is appropriate on the basis of the best projections we can make to the Congress and the country. We will have time to review that. If the situation appears radically different, then I think the administration itself will be the first to propose a different course of action.

We emphasize repeatedly the need for flexibility in policy. It seems to me that, particularly in a wartime situation, where there is such great uncertainty as to what may develop, it is more than ever important to keep a very close watch on economic conditions and to be ready to change your mind if necessary about policies.

Representative MOORHEAD. Then it is not important for Congress to decide in, let us say, February that there will be a tax increase in July. As an economist you would not be disturbed if we postponed that decision until May or early June, would that be correct?

Mr. ACKLEY. My understanding of the legislative calendar suggests that inevitably that will be the case since the Ways and Means Committee has been first asked to dispose of the debt limit question. They have decided they ought to act promptly on the President's proposal on the interest equalization tax, and then they have the social security program to take up before they get to the tax question.

Representative MOORHEAD. I believe it was Congressman Widnall who, earlier, asked you about the relationships with the Federal Reserve and talked about the consultations you were having and the President in his message expressed a hope that there would be an easing of the monetary situation.

Now, not to be critical of any individual, but I want to know about the institutional relationships. Do you think that the relationship of the Federal Reserve as now constituted is too independent to work with an administration, or is the present situation institutionally just about right?

Mr. ACKLEY. I hesitate to express a very strong opinion on that question. If one were organizing the Government from scratch, I am not sure one would organize it this way. This is the way it has developed.

I think the institutions are such as to make possible the appropriate and necessary coordination. I am certainly not prepared to propose any major institutional change as essential to get a coordinated and sensible economic policy.

Representative MOORHEAD. Thank you. The next question I suppose would go to Mr. Duesenberry. It comes up on this teenage unemployment, and I note particularly in the Economic Report that you point out the difficulty of the nonwhite females in the teenage group. That is just one item, but are there any proposals that we can make—I understand now the increase in population causes the problem, but do we have any proposals to correct this situation? Would it be more education, training, or do you have any proposals?

Mr. DUSENBERY. Well, as you know, there are a number of programs in existence now which are directed particularly at the teenage group, and more especially at the disadvantaged part of that group. We have the National Youth Corps; the Job Corps. We have the