concluded from this that "a recession in private industry has been underway for months * * *" and he wound up his analysis:

> Private business may well be dragging bottom or even turning up before the Johnson 6 percent surcharge is passed or takes effect. If so, the tax may merely slow the recovery and keep prices from climbing, rather than aggravating a new downtrend as so many now fear.

The key word in that last sentence is "now" * * * "as so many *now* fear." It suggests the central difficulty, that critics of the Government's economic policy are suffering from an analytical lag, that has them currently applying their economic calipers to the conditions of a year ago, just as they were then applying them to conditions of unmitigated boom that was already receding perceptibly in the second quarter of 1966.

I want to go a little further into the economic record in support of the policy mix we used in 1966 to show you in somewhat more detail the real—as distinguished from the imaginary—conditions to which we tried to minister. Before I do, however, let me turn to a very recent article in the Journal of Commerce that puts the same kind of cautionary light upon the folklore concerning inflation in 1966 that the analysis I have just quoted thrust upon the herd-thinking that took place last year with respect to the need for tax action. Once again, I am calling upon the researches and conclusions of a newspaper not noted for its tender concern for governmental economic policy.

This article, on January 4, 1967, headed "Records Show 'Inflation' Last Year Was More Imaginary Than Real," said:

> A year ago, it may be remembered, there was much clamor for a substantial income tax increase to cool down the economy and check inflation.
>
> We didn't get the income tax increase. And, we didn't get much inflation. This latter is contrary to the general impression going the rounds that the inflationary kettle all but boiled over last year.
>
> Actually, the records show, the heat under the general commodity price structure was lowered quite a bit last year.
>
> From December, 1965, to December, 1966, the Bureau of Labor Statistics wholesale commodity price index rose from 104.1 (average 1957–59 equals 100) to 105.7 . . .
>
> In the previous 12-month period, from December, 1964, to December, 1965, the BLS index rose from 100.7 to 104.1 . . .
>
> The rise during 1966 was less than one half that during 1965. In August last year, the BLS index worked up to a record high of 106.8 before it leveled off and then began to ease. But, even at the August rate, the rise was less than in 1965.

The author went on to point out that at the retail level prices rose by 2.7 percent from December 1965 to December 1966 as compared with 1.6 percent in the previous 12 months, but he noted:

> 1. That much of this occurred in meats and vegetables, due to weather and other conditions not connected with the general business picture, and
>
> 2. That the real villain in last year's price picture was the sharp rise—some 5 percent—in the cost of consumer services, heavily influenced by the adoption of Medicare.

Now, I do not go bail for either of these analyses. They are newspaper articles, and as such can have neither the length nor the breadth to support fully accurate examination of the development of the entire U.S. economy over a full year, and they are not, of course, the full nor the unmitigated truth.