I cite them, however, as illustrations of the dark side of the moon that we as the responsible policymaking officers of the Government of this Nation knew existed, and took into account, in our policy choices throughout the year.

Whatever they may lack in completeness, these articles point to the essential fact about the economy in 1966—we were not on a one-way street to inflation and bust in 1966. Rather, we were picking our way along a high and narrow ridge, with substantial risks on either side—risks that those actually responsible for the well-being of the Nation could not ignore, however, blithely they could be ignored by those not actually responsible.

I do not join in spirit with our critics and claim that we were always right. My claim is much more modest—and it is my only wish, where our critics are concerned, that they would show a like modestly, perhaps by adopting the same policy: I claim only that at all stages along the way of the terra incognita through which our unexampled economy, growing and benefiting the Nation it serves in unparalleled fashion and degree, passed during 1966—we were at all times prudent.

What stands out—what I emphasize, what prudence always reminded those of us responsible at the bar of history, is the fact that at no time during the year was there a clear signal for general tax restraint, as distinct from the selective fiscal restraints employed.

Let us look for a moment at a few of the details of the pilgrimage of the American economy in 1966 as it felt its way through economic uplands higher, richer and more beneficial to more people than was ever the case before with any economy, while at the same time it was bled and buffeted by the economic ravages of a war conducted under conditions of uncertainty common to all wars.

It was a year in which very little was unequivocally certain—about the U.S. economy, about the world economy, about our international payments, or the national economy or the international payments of others, or about the economic portent of our defense of freedom in Vietnam—except to our critics.

To our critics—academic, political, journalistic and institutional—all was clarity.

At the outset of the year it was clear to them that something needed to be done, but—with the exception of some bank letters notable for consistency if not accuracy—they had nothing to recommend except the time-tested cliche of cutting Federal spending. They put this forth without the slightest nod—much less bow—to the fact that President Johnson had been rigorously holding down Federal outlays, which contributed to a far smaller deficit in the administrative budget in fiscal 1966 ending June 30 than had been previously estimated and an actual surplus in the NIA budget. They put this forth without regard for the fact that the President's new budget continued to call for increases almost balanced by cuts and new revenues.

In the spring of the year, it suddenly became clear to some outside analysts—I say it was clear to them because they all said the same thing all at once—that the U.S. economy had to have an income tax increase, to be saved. It was not clear what kind of tax increase, and their demands were now put forward with little regard for the fact that we had in fact had large tax increases early in 1966, beginning with payroll tax collections for medicare and other social security benefits in