the fiscal tool to take some $10 billion out of the economy in calendar 1966.

On March 22, when he was reminded at a news conference that "a lot of economists would like you to raise taxes" and was asked what he was going to do, President Johnson reminded reporters of the tax increases already in effect through social security and the Tax Adjustment Act.

And he disclosed—but those who were demanding severe tax action were apparently not listening—that there was evidence suggesting that the economy was in an uncertain condition, calling for caution in handling it, such as declines in retail sales, in new orders for durable manufacturers, and in housing starts, while some farm and food prices were leveling off, the growth of business loans had slowed, and many municipal and some corporate bond issues had been postponed, thereby reducing potential new orders and other activity of many kinds, and that unemployment was still above 6 percent in almost a score of major labor markets.

He told reporters that he had just asked all departments and agencies of the Government to take a new look at expenditures, and to forgo what could be forgone. And he concluded:

> We will watch very closely and see what happens in these employment markets, in retail sales, in housing, and in the money market, and then take whatever action is indicated.
>
> We don't want to act prematurely. We don't want to put on the brakes too fast, but it is something that requires study every day, and we are doing that.

Speaking on March 23 at the National Press Club, I reminded my audience that the President had warned against acting prematurely or putting on the brakes too fast.

I said that we expected the very recently signed Tax Adjustment Act to "serve as a growing force for economic restraint" over the coming year, together with the restraining influences of monetary policy and the $6 billion annual rate increase in social security and medicare taxes in effect since the beginning of the year.

I stressed the uncertainties of Vietnam, saying that—

> No one can predict whether we will need to schedule additional expenditures—expenditures beyond those contemplated in the fiscal 1966 and 1967 budgets—to meet our commitments in Vietnam. And Vietnam remains, therefore, an inevitable element of uncertainty in our budgetary as in our overall economic picture.

I reminded my audience that in 1957 and 1959 overzealous use of anti-inflation measures had turned expansions into recessions.

And I concluded that—

> In our domestic economy there is still room for reasonable doubt as to whether additional restraints should be imposed by public action on private demand in our economy.

That reasonable doubt persisted. By fall it was clear that we had a boom that was threatening to run beyond the bounds of our capacities to produce in terms of business investment and in the face of competing demands from the war in Vietnam, while at the same time there were, as I have indicated earlier, many persistent signs of economic weakness wrapped up and hidden away by the continued overall advance.