Chairman PROXMIRE. Congress does this. There is no question about that. You are right about this.

Secretary FOWLER. This goes all across the board.

Chairman PROXMIRE. It requires a presidential veto. It requires a tough, hard, maybe a losing presidential fight in Congress, but then again he doesn't have to spend the money.

Secretary FOWLER. I am trying to be realistic about this.

Chairman PROXMIRE. Yes.

Secretary FOWLER. And I don't believe—whether it might be more agreeable or not—that the Congress is going to cut spending in fiscal 1968 an additional $5 to $6 billion over what the President feels is the proper amount. He has submitted what he thinks is the right budget.

Chairman PROXMIRE. Now let me ask you this. Mr. Secretary, you are a very moderate man and a man with an open mind and you are certainly not dogmatic in any way. I certainly take it from the tenor of your presentation this morning that you are not completely and finally wedded to the 6-percent surtax.

You are supporting it, but conditions may change, and if they do, you may not press it in May or June, if conditions change significantly. I would like to ask you if you could tell us what criteria you would apply to determine that you might not press the 6-percent surtax. How would the situation have to appear in May or June?

Secretary FOWLER. Well, someone asked me that the other day, and I gave them the only answer I could give them. I don't think there is any one or two magic tests. Come April or May, when this judgment is being made, one would look at a number of the economic indicators, a number of the trends, what the general outlook is for some of the sectors of the economy that have been ailing, such as housing, whether housing seemed to be well on the way back toward a normal pattern of starts, say by the end of the year. I think we will also have to take a very careful look at the SEC-Department of Commerce report on plant and equipment expenditure projections for the remainder of the calendar year, which become available later on this month or in early March.

Personal consumption expenditure levels will be important as well as the question of what happens in inventory adjustment. I think there will be a measure of inventory adjustment in the first 3, perhaps 6 months of the years.

I think those are illustrative of a much larger number of elements which will have to be assessed. I don't have any particular econometric equation in mind as to what weight you give to each one.

In the final analysis, these things involve a subjective judgment. But I do think it is very important that for the remainder of this period, while we are involved in this extraordinary situation in southeast Asia, that we give the private sector the assurance that I think normally it is entitled to have, that there is going to be available money and credit on reasonable terms. That is the element of confidence that to me is the most important one, and also a feeling that spending is not out of control, that the deficit that we have is a measured deficit. It is one which obviously is as a direct consequence of the war.

If we didn't have this war going on, we would have a very substantial surplus in the budget for 1968. But I can't give you, Mr. Chair-