economic forces? Does he suggest that the break in price stability which began in 1965 would have occurred even if fiscal policy had been tighter? If fiscal policy was sufficiently restraining in the first half of the year, why did the administration ask for suspension of the investment credit in the second half?

Secretary Fowler tells us now that an increase in taxes early last year would have been a mistake because of "selective weaknesses" that were developing in the economy. These weaknesses, particularly in the housing industry, were the direct result of the administration's high-interest policy that was made so necessary by the absence of adequate fiscal restraint. It seems clear today, as it did all last year, that the policy mix was wrong and that spokesmen for the administration simply cannot bring themselves to admit the error of their policies.

After having derided the minority members of the committee for their support of greater fiscal restraint, not to speak of the many eminent economists who supported this position, Secretary Fowler now says that a tax increase is needed this year. What was wrong last year, when the economy was booming, has suddenly become right this year, when weakness is pronounced. The only explanation the Secretary can give for this apparent contradiction is that interest rates this year are going down, while last year they were going up. He misses the point entirely, which is that interest rates are going down this year because the economy and the demand for credit is softening, whereas last year, interest rates were pushed up by boom conditions which could have been abated by a better fiscal policy.

Last year the administration relied too heavily on monetary policy and not enough on fiscal policy. This year it seems determined to rely too heavily on fiscal policy and not enough on monetary policy. Last year the result was serious inflation, a recession in housing and other "selective weaknesses" in the economy. This year the result could be a sharp slowdown in growth and a deepening balance of payments deficit.

So, as I love our country more than I care about any personal slight to me, Mr. Chairman, I urge the Treasury and the Secretary of the Treasury to divest himself of these petty, intemperate remarks and to get down to cases and to bring himself in line with the Council of Economic Advisers as to what the policy which he recommends really means as far as we are concerned.

Thank you, Mr. Chairman.

Chairman PROXMIRE. Our witness this afternoon is the Secretary of Labor, Willard Wirtz, and accompanying him is the Commissioner of the Bureau of Labor Statistics, Arthur Ross.

We are delighted to have both these extremely able representatives from the executive branch.

Mr. Wirtz, you have a concise statement; go right ahead.

STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY OF LABOR, ACCOMPANIED BY ARTHUR M. ROSS, COMMISSIONER, BUREAU OF LABOR STATISTICS

Secretary WIRTZ. Thank you, Mr. Chairman and members of the committee. It is a short statement.