

Chairman PROXMIRE. I understand, but may I then revise it? Would you say under present economic circumstances, budgetary circumstances and so forth, that you would feel that this is a time when we should impose the surtax?

Mr. MARTIN. Yes, I would think that is proper.

Chairman PROXMIRE. Now let's take a look at the indicators. I have asked the staff before asking that question to get me the information on what the 30 indicators were showing: 19 of them have a trend one way or another, the others are rather indefinite; 15 are down, only four are up.

Consumer prices have been stable since October, 114.5, 114.6, 114.7, which I think is a remarkable showing. And, of course, the lag in wholesale prices which have been stable for almost an entire year suggests stable consumer prices in the coming year. In February of 1966 they were 105.4; now they are 105.9. And recently they have been dropping.

Then we go over to business sales and inventories. We find that since June sales have been going pretty much on a level. In June they were \$86,957 million. Now they are \$86,999 million, almost exactly the same, fluctuating a little bit but in a growing economy this is an indication it seems to me of a trending off.

Then we move over to new construction and, of course, we know that has been in trouble. In September there was \$73.4 billion; in December it was down to \$70.4 billion. These are seasonally adjusted annual rates. It is down below what it was in 1965. That is overall construction, not just housing.

Then the steel production has been dropping since September. In September it was \$2.6 billion; in December, \$2.3 billion. It is approximately the same in the latest week in January for which we have figures. Then you look at the total industrial production—the overall industrial production. That was 158.0 in August, 158.7 in December. In fact, it dropped from November to December.

The weekly hours of work, from 41.5 in September to 41.0 in December. Employment has been pretty much stable for a year. It hasn't dropped. Expenditures for new plant and equipment have been rising at a far slower rate as you know. Since the third quarter of last year they have been going up steadily at the rate of about 5 or 6 percent instead of the 16 or 17 percent that it had been going up for 3 years.

Corporate profits have been going down—\$48.7 billion in the first quarter of the year, down to \$48.2 billion now. That has been pretty steady. Farm income is down.

So when you look at the whole picture, it would seem to me that now to impose a tax increase under these circumstances, when the economic indicators are down, would tend to slow down the growth of an economy which has available resources, and would be a mistake, because it might increase unemployment and aggravate an unpromising situation.

Mr. MARTIN. I am afraid you have misunderstood me. I probably haven't spoken very clearly on this, Senator, but what I was trying to say was I would favor the passage of this for imposition on July 1, which is what I conceive the proposal to be.

Chairman PROXMIRE. You see what I am concerned with now, so you take that position I think that there is a lot of wisdom in it. I would judge that Congress may not pass the tax increase if conditions