sents, has been so progressive and so vigorous in making the kind of progress that it has made.

Mr. TROWBRIDGE. It certainly has. The business investment, the whole productivity of last year was going along at a tremendous rate. I know I dealt in more specific terms with a number of the problems that were created by some of our fast paced movements.

Chairman PROXMIRE. It creates problems, but it also opens up opportunities.

Mr. TROWBRIDGE. It does, of course.

Chairman PROXMIRE. The full utilization of our resources with stable prices is our objective.

Mr. TROWBRIDGE. That is right.

Chairman PROXMIRE. So the kind of investment in plant and equipment and new automated equipment and so forth is certainly in our interest, which calls my attention to the second point I wanted to raise. You talk about the incentive for investment, and say that will be restored January 1.

You don't seem to adjust your estimates in the latter half of the year for the fact that you have this big gap. September, October, November, December, with an anticipation that if they wait until January 1 for their investment in plant and equipment, they can get both accelerated depreciation and the restoration of the 7-percent investment credit.

This is likely to create a vacuum in the judgment of the experts in the machine tool industry. Why should anybody buy $100 million worth of equipment which some of these big firms do, in October of 1966, if they can wait 3 months and get a $7 million increase in their net profit by waiting that long. There doesn't seem to be any adjustment and any expectation that this is going to have much impact on the economy in the latter half of the year, and it seems to me it is.

You do say in the course of your statement that if the situation changes, you might request an earlier restoration of the investment credit. But you seem to make the assumption throughout that it is going to be restored on January 1, and there is no problem involved. Am I unfair?

Mr. TROWBRIDGE. Well, of course the current suspension, as approved by the Congress, if allowed to run its full course would carry the suspension through until January 1.

I have talked with a number of people in the machine tool industry, and they certainly reported to me as you have, that they are particularly concerned by holdup of potential orders that might come before the reinstitution of the 7-percent credit. But I have the feeling that there are lots of other factors that go into a business capital investment.

Chairman PROXMIRE. I am sure there are. Let me just interrupt to say that I understand there has already been some reduction attributable to the investment credit according to the McGraw-Hill study.

Mr. TROWBRIDGE. Yes.

Chairman PROXMIRE. But you would anticipate that that would be a lot less now than it is going to be later on?

Mr. TROWBRIDGE. Well, we have done some surveys on this, cooperating with the Securities and Exchange Commission, and our estimates of the impact so far that are reported by the business community as