

a result of the 7 percent investment credit suspension, is that the total amount of deferred new capital investment is somewhere a little above \$2 billion, perhaps \$2.3 billion.

Chairman PROXMIRE. And you anticipate that that would be considerably greater if it is allowed to work its course, just because of the obvious commonsense of the businessman who says "Why should I kiss off 7 percent net profit when I can wait a little while?" And the wait is a lot shorter.

Now I can see why any prudent businessman would say, "We have made our investment plans. It is either good or it is not. This marginal difference isn't very great."

Mr. TROWBRIDGE. That is right.

Chairman PROXMIRE. The marginal difference would be enormous in terms of interest in the last 3 or 4 months of this period.

Mr. TROWBRIDGE. Correct. Well, that could well happen. I think the happy thing is that we have a flexibility built in here. If we see a real need to reinstitute, I think the administration would come up and ask to do so.

Chairman PROXMIRE. The trouble with that flexibility, it takes an act of Congress. Sometimes those acts seem easy and sometimes they are, and sometimes they are not.

Mr. TROWBRIDGE. That is right.

Chairman PROXMIRE. You can get a pretty stubborn Congress. You might get a political situation where we have imposed a surtax on individuals of 6 percent, to take something off a business, that makes it harder.

How about considering the possibility of restoring this on a 1 percent a month basis? If you do this, you see, you don't have the gap. You eliminate it.

You still have a retarding effect. You move into the January 1 situation on a gradual basis. Why wouldn't that be acceptable from the standpoint of keeping the slowdown in effect but easing it off so that you don't have the punch at the end?

Mr. TROWBRIDGE. It is a little hard to look down the pike that far in advance, and have a completely crystal clear crystal ball. But it seems to me that the administration should and would be willing to look at the alternatives necessary, under conditions where perhaps an easing into that situation would be very helpful.

Chairman PROXMIRE. You see, the thrust of my question is this. You anticipate, as I understand it, an increase in investment in plant and equipment, whether it would be 5 or 6 percent as compared to the 15 to 17 percent we have had in the last 3 years.

This is a big slowdown, and it is a slowdown not only from the standpoint of stimulating the economy, but it is a slowdown also in our potentiality of being able to produce more and being able to keep prices down. So I am very concerned with this aspect of the administration policy, because it would seem to me that this is a good notion of having an investment credit, we should certainly have it in effect at a time when business seems to be slowing down and there is every indication that it is slowing down considerably now.

Mr. TROWBRIDGE. Well, it seems to me, Mr. Chairman, it is important to remember that we are slowing down from an extremely high plateau.

Chairman PROXMIRE. Oh, yes, that is true. I think that is a good qualification.