

September or October? The situation is so uncertain now. Congress isn't to go home until the fall. Wouldn't it be wise under these circumstances rather than having an effective date of July 1, when economists do disagree on what the situation is going to be, and I think a preponderance of economists before this committee have indicated they don't agree with the Council's optimism on the last half of 1967.

Under these circumstances why shouldn't we wait another 3 or 4 months and take a later look at the economy?

Mr. COLM. That is an offer to compromise, Senator. Perhaps the tax legislation should be written with the effective date to be supplied later by joint resolution of Congress.

What my concern is, Mr. Chairman, is the decision under conditions of uncertainty. I know if things turn out as they did last year, and I don't expect a repetition of that, but even if there is a smaller change in the defense budget, and the nondefense budget, if that becomes apparent, and then the forecast is for inflationary pressure—if then the Congress starts considering a tax bill that takes time. Therefore, I think it would be prudent to have a tax bill written, and perhaps put the effective date in later, or if not needed, drop it.

This is only a kind of insurance. In my opinion, it is a better way of getting the flexibility than the delegation of power about which Senator Javits asked us to write a statement. I think under present conditions this would be a substitute for something Congress at this moment I think would not be willing to give the President; namely, discretionary power. I don't think Congress should.

Chairman PROXMIRE. Dr. Wallich?

Mr. WALLICH. The argument of uncertainty on which I agree with Mr. Colm seems to me to argue both ways. One could also say: let's pass a tentative tax reduction in case there is a de-escalation of the war, since we don't know what is ahead, and another possible increase.

These two approaches don't really convince me. I think we ought to take advantage of the situation to put tax changes on a permanent flexible basis. I must say I am profoundly disillusioned by the experience of last year, which seemed to show that had we had presidential discretion, it would not have helped.

Perhaps it's asking too much to expect the President to put in a tax increase before there has been plain and obvious evidence that the people are hurting from inflation and high interest rates. On these grounds, the proposals that were evolved by Mr. Griffiths' committee seem to me perhaps more hopeful, and I would also weigh rather highly the point I think made by Mr. Mills, that one shouldn't tamper too much with the tax system by too many different kinds of changes. These are unsettling.

We ought to have one single kind of change that goes up or down, whatever the situation requires, but avoid the mixture of flexible fiscal policy plus some kind of reform that we would like to introduce at the same time. I think that is what Mr. Mills objects to.

Chairman PROXMIRE. I want to thank you gentlemen very much. I do have one question that the staff asked that I ask Mr. Colm. On the wage-price-productivity board, when you appeared before the Reuss subcommittee their feeling was that you asked for a factfinding board,