In addition, I think it is fine to have an office and I hope it can be worked out, one with some muscle or some influence, at least, but I think that the figure is so very, very important in my view, and I would like to get from all of you gentlemen whether or not this is practical, whether or not you would agree, or whether absent there is anything else we can do. Otherwise, it would seem to me we are going to be faced with a situation toward the end of this year if we adopt this surtax which may or may not be possible, and if we cut spending where we are going to have rising prices and cost-push prices that are a holdover from some of the past, and in addition to that we are going to have rising unemployment, I just can't see a thing in our economy that is going to expand it or press it.

We don't have it—unless we have a disaster in Korea—but the figures I have available, the figures this committee got just yesterday, indicate procurement is leveling off and declining in its effect on the economy.

We are not going to get the big stimulus of 1964 and 1965 in a tax cut. Business isn't advancing as much in plants and equipment. The "Michigan Survey of Consumer Index" indicates saving is going to be about the same or more this year as last year. So, where are we going to get the stimulation in the economy?

Mr. KENDRICK. I think there is a big question mark in the second half of the year.

Chairman PROXMIRE. That is when the tax increase would have its effect, when the slowdown in spending which Congress might very well put on coincidentally would have its effect.

Mr. KENDRICK. Well, unless the tax increase can take effect soon, I think it is a question as to whether it would be needed in the latter half of the year; and if one is enacted to take effect soon, I think Congress and/or the administration should be ready quickly to remove it.

Chairman PROXMIRE. At any rate, would you say "Yes" or "No" to a specific figure, a guideline figure?

Mr. KENDRICK. I think you are correct that it puts the administration in a better position to exercise influence if there is a specific figure.

Chairman PROXMIRE. Mr. Fromm?

Mr. FROMM. I think for the shortrun problem, the specific figure is a very useful political device. In the long run, as I have tried to indicate in my statement, this can lead to severe distortion in resource allocation. I would not like to see a longrun figure advocated to be applied forever.

Chairman PROXMIRE. In other words, you are saying we shouldn't zero in on 4 percent or 3.5 percent or 5 percent and say this is going to be it, indefinitely. We might have a specific figure for 1968, and then in 1969 have no figure depending on the situation, or have a lower figure or higher figure depending on what the circumstances would demand; is that what you are saying?

Mr. FROMM. Well, I think that if pressure is going to be exerted on specific industries, then there are appropriate figures for each one of these industries. They may be hard to determine. And that requires a great deal of research. But we have a severe problem at the moment. Perhaps we ought to take some chance of distortion in the long run, and accept short run distortion, in order to reap the benefits of a single guidepost number.