Chairman PROXMIRE. We just had one.
Mr. ZWICK. Yes; up to this point it hasn't been that way.
Senator JAVITS. I will give Mr. Zwick a chance to give us a change of pace.
How do you view the economic outlook for the coming 6 to 12 months, based upon the budget ideas, which after all have to balance income against outgo?
Mr. ZWICK. Well, sir, as I just indicated to Senator Percy, we view the situation after the tax enactment to be a significant improvement over the situation before the enactment of the tax bill. We have no second thoughts that we shouldn't have signed the tax bill when it was enacted. We think that was the correct policy, and therefore we believe there has been a significant improvement.
The only really interesting question is, what are the prospects as we look out, as you say, 6 to 12 months. Our feeling is that we have set the stage for balanced economic growth and significant improvement in the general set of economic indicators that people look at. If there are any risks, there are more risks probably on the overkill side than on the underkill side, as I said to Senator Percy. But I worry about both of them. I just worry a little bit more on the overkill side.
The last half of this year we are going to have to pay some price—Senator Proxmire and I have had a dialog on this—in terms of a slowing down of the economy to get the price situation under control. After the first of the year, it really depends on what is going to happen in housing, what is going to happen to monetary policy, what is going to happen to plant and equipment. Significantly enough, we have time to take policy actions, if our worse fears come out. We are not sanguine; we are never sanguine. But we certainly think we are in a much better position today than we were 3 months ago when we didn't have a tax increase.
Senator JAVITS. Would you advocate an easing in monetary policy in view of the fact that you think these budget arrangements might be a little overrestrictive?
Mr. ZWICK. Well, as you are aware, we have had a significant easing of the monetary situation, and as I read the signs, I would hope that this would continue, because I think it is very important from a general fiscal policy point of view, but more importantly from a social point of view that we get on with some of the housing programs that are needed. This then also feeds back on inventories and plant and equipment expenditures.
Senator JAVITS. Now, I was very interested in your answer to Senator Percy about the overall impact of an end to the Vietnam war as releasing an order of magnitude of $20 billion a year. In view of the fact that the tax surcharge imposed would expire on June 30, 1969; and in view of the fact that I feel and I gather Senator Percy felt the same way, though I don't wish in any way to impute any thoughts to him, that we should use this money to take up some of the slack in public expenditures, in schools, in hospitals, in job training, and the renewal of the cities which we, some of us at least, are committed to; what would you say about this tax surcharge? Would it not be necessary for people who feel as I do—as I say, don't want to impute anything to Senator Percy, though I think he feels the same way—to advocate extending the tax surcharge, in order to make available this