

rapidly. Personally, not in a professional capacity, but in terms of preferences of how I want the world to work, I am concerned about the rate of expansion of nondefense items.

Chairman PROXMIRE. No. 3, you take the position that a temporary tax, announced as a temporary tax—it might go into effect July 1, 1968, expire July 1, 1969—is not going to have much effect on spending anyway and it is not going to have very much effect on inflation or interest rates; in your view, is that correct?

Mr. TURE. That is correct.

Chairman PROXMIRE. That does change from what I thought was your position and I think it is a very sensible position although it is not mine.

I would like to ask you to see if you can put on another hat temporarily, hypothetically.

If you did believe in using fiscal policy for stabilization purposes, would you under these circumstances feel it would be sensible now, given all the economic data, to pass a surtax? Would you vote for a surtax under those circumstances, for the kind of surtax which has been proposed, a temporary surtax?

Mr. TURE. With that very rigorous constraint you impose, sir, I think my answer would be "Yes."

Chairman PROXMIRE. You would?

Mr. TURE. Yes.

Chairman PROXMIRE. I am sorry to hear it. I have been trying to elicit somebody who agrees with me since these hearings began and I struck out.

Mr. TURE. Let me elaborate the answer just a shade.

If I, in fact, believed in the efficacy of fiscal policy in affecting the pace of expansion of aggregate demand in the short run, I have a feeling that the outlook for 1968 is probably on the exuberant side and this would follow several years of an extremely rapid pace of expansion of total demand in excess of production capability as is evidenced by the rate of increase in the general level of prices, and again if I were such a believer I think I would find it appropriate to try to curb the pace of expansion for the remainder of this year.

Now, I infer from everything I have heard today and read in the newspapers and heard in repeated statements from the administration and from Members of Congress that it is not feasible to try to curb Federal expenditure growth, to use the expenditure side of the budget as an efficient fiscal device for that purpose. So, if I were a fiscalist and did have this judgment about the pace of expansion—

Chairman PROXMIRE. I want to relieve you of any feeling you cannot cut any spending.

Would you like to do that?

Mr. TURE. Yes.

Chairman PROXMIRE. And you think that you could recommend a reduction in the budget which would be, in effect, a substitute for the surtax as far as economic consequences are concerned?

Mr. TURE. Surely.

Let me elaborate that reply, too. I would have to profess that my answer would again be not as an economist but as a citizen. I would