I am sure you would not be able to see this, sir, but this represents the last quarter of the year 1949. Each one of these intervals is a full year of four quarters.

It seems to me, Charlie, that you get a very rapid rate of expansion in money stock during this period.

Mr. WESTON. May I comment on this as an impartial observer?

Like Mr. Ture, I was trained at the Chicago school, but I guess it did not take completely. To try to draw a conclusion about rates of change from material plotted on arithmetic paper seems to me is fruitless, No. 1.

No. 2, the money stock growth is the resultant of demand-and-supply influences.

The Fed does not determine the growth in the money stock unless the Fed is able to anicipate, with a degree of economic prescience not given, that would not be admitted by the people who generally argue for monetary policy; that is, for example, the increase in the rate of reserve availability by 3 to 4 percent a year during the Korean War period would certainly result, because of the velocity factor referred to, in a greater impact from the money side than the 3- to 4-percent increase in the reserves made available.

So that applying the money supply approach involves a much greater degree of forecasting, but it seems to me it would be unfortunate if we let preoccupy us this argument between the relative validity of monetary policy and an exaggerate demand approach to the efficacy of economic policy.

Realistically, for either to work effectively involves some ability to forecast economic future.

I think the fact that is so clear here is that we have had a fundamental shift in spending policy by the Federal Government, both in domestic programs related to the aged and the disadvantaged and in response to heightened international tensions.

These call for a response on the revenue side. I think it is impossible to characterize whether the response on the revenue side is going to be temporary, or what degree of permanence.

But I think the aggregate demand impact of this behavior, these fundamental changes in Federal spending policy, are very clear, and the appropriate countermeasures are called for.

Senator JORDAN. Mr. Chairman, my 10 minutes are up.

Chairman PROXMIRE. I would like to come back later to that notion that the increase in spending is something written in the sacred laws of the land now, and that there is nothing we can do about it.

I do not think Members of Congress accept that.

I think it is not throwing darts at a board, or being politically opportunist, to suggest that there are specific areas where we can cut, and cut deeply.

Before I do, however, I would like to ask both Mr. Weston and Mr. Schultze if you would not agree that there is a distinct possibility that in the latter half of 1968 the economy may not expand at the rate which you projected for the whole year.

This morning we had a very eminent forecaster from Edie & Co., Mr. O'Leary, highly respected, who projected a $61 billion increase in the gross national product for the whole year, without a surtax.