

it is outside the control of a single group, and it is something which has been proposed. I proposed it myself for years.

Chairman PROXMIRE. We have to persist in these things. After all, this is not all congressional decision. Congress did pass a resolution in 1950 raising the number of divisions from two to six.

We have a resolution pending in the Senate that some of us are co-sponsoring to reduce it from six to two divisions.

It is a proper recommendation of this committee, as a matter of balance of payments, and the budget, to support a reduction.

Mr. WESTON. With regard to the space expenditures, my own feeling is that the longrun productivity is very substantial, but that is debatable.

Let us concede in the second and third areas I would say fine; let us continue our efforts to cut there, but since we have had persisting aggregate demand, aside from a pause, and with the outlook being one where the risks are very great of continued excess demand, of really greater proportions, particularly when the international situation calls for an increase of more than \$3 billion in 1969, in defense outlays, that success in the second and third areas would help make any surtax imposition relatively more temporary than it otherwise would be.

It does not mean that efforts in this direction should be diminished in any degree.

Chairman PROXMIRE. I wish you were right. I wish we were all that logical.

We concede that the surtax should be repealed. I ask you three gentlemen. I asked witnesses to come up and give me an example of a tax that had been repealed before its expiration date. No one has been able to find one, or communicate with me after they appeared. Apparently there has not been such a case.

If the surtax is needed, if the restraint on the economy is enough, it will continue, it will be reenacted.

If we have a combination of rising prices, which could very well be because of the cost-push situation, I think we have had much of that in the past, and increasing unemployment, it might still be very difficult to persuade Congress, under these circumstances, especially if we have a deficit, to repeal the surtax, in which case it would be a perverse element in our economy, and would slow growth and create unemployment.

It would be very, very hard to get rid of it.

Mr. WESTON. This is equivalent to the argument; let us not do something that is needed now because we might keep it when it is not needed.

Chairman PROXMIRE. We are not going to do it until July 1. We will not do it on the 1st of March, or 1st of April or May.

You have not tried to rebut the argument which Mr. O'Leary made, that the economy is going to slow down the first of the year, when the inventory accumulation of steel is worked off.

Mr. SCHULTZE. No. 1, it is always more difficult to see the further out you go, not all the time, but very often, in forecasting, that "second half."

Second, and more importantly, if GNP rises by \$19 billion a quarter,