Senator PROXMIRE. I do think you underestimate the attitude of the Congress and the American people. I have just been home for 10 days—many Members of Congress have—and I have never seen people so concerned about spending and high taxes, it is just uniform. They are against increasing on anything, even the things I favor, like education and so forth. They think they have had it up to here and this is a universal feeling I find everything, so I do hope you will consider this as a possibility and I know you are not locked in on anything but not to lock yourself in on the extension of the surtax.

You say—well, my time is up, I will come back.

Chairman PATMAN. Mr. Widnall?

Representative WIDNALL. Thank you, Mr. Chairman.

Mr. McCracken, I too would like to welcome you and your colleagues before the committee and I am sure that the Council is in good hands and I wish you well in your position.

Mr. McCRACKEN. Thank you.

Representative WIDNALL. You note that housing has been a major victim of inflation because of the increased cost of mortgages. With the deceleration of inflation which you indicate you anticipate, would you expect a significant increase in private investment in housing construction?

Mr. McCRACKEN. Yes, I think that would be a reasonable expectation. If we can cool off the inflation situation I would then expect more favorable interest rates, and financing conditions generally for housing.

Representative WIDNALL. Would you expect that increased investment in housing to go all the way through the housing industry or just pertain to commercial activity and multifamily housing?

Mr. McCRACKEN. I think that it would be fairly generally spread across the spectrum.

Representative WIDNALL. I am just hopeful that takes place. I hope it is not going to be again a complete reliance on Government guarantees and other such things, but that we have a program that seems to warrant action with some real investment, with the utilization of Government guarantees.

Several surveys last fall, both private and governmental, of business capital spending plans for 1969, indicate capital spending may rise 8 percent or more this year compared to a 4.7-percent increase last year. How can you account for those ambitious intentions in the face of a general economic climate that seems inauspicious for an expansive attitude toward new productive facilities?

Mr. McCRACKEN. That is a very good question, and it touches on some of the imbalances which a long, sustained inflationary situation can produce. For example, the question is raised as to whether this rate of expansion in investment, how long that will continue if the relatively flat trend of retail sales we have seen in recent months were to continue.

We see here a combination of a great many things. In the first place there are always many industries needing to expand their facilities. Secondly, there are those who because of the pressure on costs are having to replace equipment with more efficient productive machinery. One can't avoid facing the question as to the extent to which the expectation of continuing inflation has in some cases nudged