Senator BUSH. Without any reduction in Government expenditures?

Mr. WISHART. That is correct, sir. I would suggest it as a means of shoring up essential purchasing power.

Senator BUSH. I did not quite understand this. Is there some inhibition about witnesses recommending relief, here, in the situation that we are talking about? Was there any advice?

Mr. WISHART. There was no absolute prohibition. I should go on to say that basic urban renewal, a more substantial investment in education, a more substantial investment, if I may use the controversial term, in medical care, all of these are essential.

Senator BUSH. Would you increase Government expenditure and at the same time reduce taxes, especially in the lower brackets?

Mr. WISHART. Yes, especially on the short-term basis. The question of the long-term balance of the budget I would say is perhaps another issue. But in terms of the immediate impasse, it seems to me that the Government responsibility here is to provide the lacking purchasing power, which Mr. Suits and others have indicated, along with my own testimony, is at the root of the present loss of acceleration in the economy.

Senator BUSH. So in your judgment it calls for increased Government expenditures along the lines that you said, and at the same time a reduction in taxes. What order of magnitude do you have in mind, there?

Mr. WISHART. This is a question which I have not studied. I am not in a position to give an authoritative answer.

Senator BUSH. Mr. Ellis, toward the end of your statement, there, you say:

I believe the current relatively low level of corporate profit rate on investment is a significant factor in the failure of employment to rise more rapidly than it has in recent years.

Would you care to expand on that a little bit, there?

Mr. ELLIS. Yes, Senator. I would be glad to.

We have to keep in mind that in this country most of the employment is private employment. It is not Government employment. And private employment depends on the outlook for profit. If the outlook for profit is good, the employer will make additional investment and hire additional people.

At the moment, and in recent years, in the last 5 years, as was mentioned by the gentleman over here, there has been a definite profit squeeze in this country, in the sense that it is becoming more and more difficult to get the profit rate up to a satisfactory figure or to find new things which, with today's costs and today's taxes, can be produced at a satisfactory profit.

Therefore, the effort to find additional employees has been somewhat blunted.

If the profit level were higher, if the opportunity to earn a profit were one of the objectives of the present administration, the stimulation of profit, I think you would find the level of employment rising.

We talk about the level of unemployment being 5.3 percent, but if you look, as I mentioned, at the level of the adult labor force, it is under 4 percent, and it would not take much of an increase in employment to reduce that to perhaps 3 percent.