

of public capital improvements, and (3) strengthen the unemployment insurance system.

These three measures, or reasonable alternatives—providing up to \$10 billion of temporary income tax reduction (at annual rates), \$2 billion of public works acceleration, and stronger unemployment compensation—would, as the President said in January—

enable Federal fiscal policy to respond firmly, flexibly, and swiftly to oncoming recessions.

By enacting the foregoing proposals or the related measures that now lie before it, the Congress could provide a significant economic stimulus at the present time.

As the President noted in his statement on June 7:

* * * I have asked the Congress to provide standby tax reduction authority to make certain, as recommended by the eminent Commission on Money and Credit, that this tool could be used instantly and effectively should a new recession threaten to engulf us. The House Ways and Means Committee has been busy with other important measures, but there is surely more cause now than ever before for making such authority available.

The public works acceleration legislation which has passed the Senate and is pending in the House will provide for additional Federal, State, and local public works in areas of heavy unemployment. (The Senate bill also includes provision for additional standby authority permitting the extension of the program should conditions warrant.)

The temporary extension of the period of unemployment compensation benefits earlier authorized by the Congress has now lapsed, and its renewal has been requested. Such a program alleviates in some measure the hardship of those most directly and immediately affected by continued excessive unemployment. Moreover, the resulting addition to consumer purchasing power strengthens consumer buying.

Other measures now pending before the Congress can also provide immediate as well as sustained support for further economic expansion:

The investment tax credit, part of the 1962 revenue bill, promises further significant incentive to business investment, in addition to the encouragement already provided by the new depreciation guidelines.

The proposed Trade Expansion Act of 1962 will contribute to the administration's program to expand our exports—a potential source of increased demand for the output of our farms and factories, important for this reason as well as for its contribution to improving our balance-of-payments situation.

The proposed Youth Employment Opportunities Act, aimed especially at the severe unemployment and underemployment of our young people out of school, would make inroads on a particularly unfortunate byproduct of slack in our economy.

TAX REDUCTION

Beyond these important and timely measures now pending before the Congress, a program to improve the rate of utilization of our resources and the rate of growth of our economy must include the