He talked about some sort of a tax, I think he called it a production tax. It was a tax upon the production of goods, generally speaking. Is that correct? Do you recall?

Dr. HELLER. Essentially the Galbraith position was to change somewhat the balance between private and public goods and make public goods less expensive and private goods more expensive. But I believe that he was directing this particular comment on consumption taxes primarily to the State and local level. He was suggesting that State and local governments should not be quite as bashful about using taxes that would be a direct burden on private consumption.

Senator BUSH. You did not gather he was directing that toward the Federal Government tax system?

Dr. HELLER. That was not my impression though I stand subject to correction.

Senator BUSH. It was my impression, but I have not read that book for about 3 years, so I would not want to argue that point with you.

Dr. HELLER. I have not read it for 19 months.

Senator BUSH. You have not had much time in that period.

Mr. Chairman, I have no further comments.

Chairman PATMAN. Senator Douglas?

Senator DOUGLAS. Dr. Heller, you know I have a very high opinion of you.

Dr. HELLER. That is an ominous opening statement.

Senator DOUGLAS. It is very sincere, I assure you. When you estimated last January when you appeared before us that the gross national product would be $570 billion for calendar 1962, I asked you if you were not a little optimistic and you replied no, you thought this estimate was well taken. Then I asked you this question which appears at the top of page 11 of the hearings:

> Suppose you do not reach these goals—one must always have plans ready in case the program of attack does not succeed.
>
> Dr. HELLER. That is right.
>
> Senator DOUGLAS. Do you have any plans that you want to reveal or do you think it is wise not to discuss them?
>
> Dr. HELLER. I do not want to suggest, Senator, that we have some hidden weapons or secret weapons that are in reserve for this purpose. Weapons are available that I think are familiar to this committee and to all of us. For example, monetary ease. If the recovery is not as vigorous throughout 1962 and 1963, as anticipated, one of the weapons would be monetary ease.

Senator DOUGLAS. The first part of this question is this: Is it not apparent that we are going to fall very far short of $570 billion as GNP for calendar 1962? The average for the first half is a little less than 549. To reach 570 you would have to have an average of 590 for the second half. An average of 590, which would mean you would have to go well over 600 in the final quarter. Are not we going to fall very far short of 570 and should not we frankly admit that now?

Dr. HELLER. We are certainly going to fall substantially short of $570 billion for the year. When I said earlier in response to your question that we have not formulated a new estimate, it is not to deny that we are going to fall substantially short of the $570 billion projection.

Senator DOUGLAS. You said if we do fall short the weapon should be monetary ease. Have we in practice had this monetary ease?