trade, while substantial, have been much smaller than in earlier expansion periods. This has a particular relevance for labor force growth, since these industries absorb a high proportion of the women who enter the labor market. We would expect that at full employment, when more new job opportunities were being created, workers would enter the labor force to fill these jobs.

Representative CURTIS. We have had that in previous recessions, and we do not have a similar decline. In fact, reading the figures from 1955, which I have in front of me, each year there has been a net increase. I was trying to see which is the smallest. Probably about from 1956 to 1957 where the increase was a little less than 400,000. It seems to me that is the figure, if you are going to use the gap theory.

Just to restate it, I think you have misconstrued what is going on here in our economy through dealing in economic aggregates. When we identify who the unemployed are, they are centered in the unskilled, semiskilled, who through the rapid technological growth and through meaningful growth in our society cannot find jobs unless they get trained for the skills that are in demand. This is something that is inherent in a growing economy and should not be looked upon as a gap. It should be looked upon rather as something that must be met.

The same thing, I would say, applies to industrial capacity. Again, when we grow rapidly we create more obsolescence; of what was capacity in 1960, though physically still in existence, it is not economic capacity in 1962.

At any rate, I wanted to go on to another thing because this one base of your syllogism is the gap theory. The other is the theory of deficit financing. I am talking about your recommendations that in a period of already deficit financing we have a tax cut to stimulate the economy which would create further deficits, and also at the same time increase rather than decrease Federal expenditures. Your second suggestion was a $900 million public works superimposed on the present expenditures in the budget. Am I not correct in describing that as a theory of deficit financing?

Dr. HELLER. I want to make one small correction. The President's proposal in the public works area was a $600 million proposal.

Representative CURTIS. I thought it was $900 million.

Dr. HELLER. That was the figure that came out of the House Public Works Committee.

Representative CURTIS. At least it is the theory of deficit financing. Throughout your paper and your discussion here of the status of our economy, you are one of the few witnesses that has not referred to the important factor of business confidence. You recommend two new and untried theories, the gap theory and the theory of deficit financing, which certainly are not held to be sound by the business leaders in the private sector.

Certainly a recommendation and pursuit of theories such as these, even if they were true, is not going to help business confidence, is it?

Dr. HELLER. Mr. Curtis, we thought that in testifying as to the importance of profits and investment stimulants and stronger markets that we were in effect testifying on the factors which above all others create business confidence.