by those who say, "Well, the deficits were not large enough, we did not spend enough." After all, when the expenditures of World War II came the economy did come back. However, I relate World War II result to the fact that we took 10 million young men and women and put them in uniform. That is where you got rid of your unemployment situation. You had the war psychology and you had the forced savings in those periods with wage and price controls and a lot of other disciplines which people put up with because our country was at war. This was dictatorship and I am certain our people will not put up with this kind of government domination in peacetime. I certainly don't believe that this deficit financing theory is one that can be accepted without its proponents coming forward with their working papers to prove it. I have sat through almost 2 weeks of Ways and Means Committee hearings and listened to all of this restatement of this novel theory without anyone advancing it coming forward to establish it with their working papers. It is always presented more or less as you do, that we all agree. Maybe the bulk of the economists in the universities agree but there are some of us who do not agree and do not understand it.

Dr. HELLER. I think you are suggesting that a look at the statistical record over the years would be a useful exercise.

Representative CURTIS. Partly that, and also whether or not the statistics really give us enough information of what really has been going on.

Dr. HELLER. In our thinking about this problem we should also take into account the fact that in a period of economic expansion when there is still a considerable degree of unemployment and excess capacity, there is always substantial deficit financing by the private economy. Some of that deficit is covered by bank financing, some comes out of other sources. In terms of the principles involved this is really no different from the question of the impact of bank financing of Government deficits.

Representative CURTIS. I must make one comment that we can come back to. This business of relating private financing to Government financing in my judgment is an unsound reference. Private financing puts up collateral either in the way of buildings or equities but Federal financing doesn't.

Dr. HELLER. May I make one comment on the statistics that Mr. Gordon has called to my attention?

In financing the $12.9 billion deficit of fiscal year 1959, the banks absorbed about $10 billion of additional short-term securities. This was done without any increase, as you know, in the wholesale price level. We had a stable price level straight through.

Representative CURTIS. I was critical at the time of what we did in 1959 and it was my own administration; we are still paying for it.

Chairman PATMAN. Senator Pell.

Senator PELL. Thank you, Mr. Chairman.

Dr. Heller, just for the record, when you talk about the five quarters in which this growth has occurred, what exact period do we mean from the viewpoint of the calendar?

Dr. HELLER. From the first quarter of 1961 to the second quarter of 1962, I believe.

Senator PELL. You say since the beginning of the current expansion in 1961. Does that mean from February 1 until April 30?