Mr. PECHMAN. I agree that the longrun problems that you suggested ought to be tackled and it would be helpful from the standpoint of business and consumer confidence to know that they are being thought about constructively. But I also think that the point made by Professors Eckstein and McCracken is quite right. I know of nothing that would equal the potency of a very substantial tax cut. But I have worried about your question and that is why I have a program at the end of my paper.

Since you foreclose the possibility of Congress giving even temporary authority to the President to cut tax rates, I am sure that when you have your hearings next February on the Economic Report you will find that unemployment is no lower than it is today. It may even be higher. And you will be lamenting the fact that we wasted another 6 months, and that the rate of growth of the economy will have been further reduced; in other words that we will still be where we were 2 or 4 years ago. I think the quicker we start solving these longrun problems, the better.

Senator JAVITZ. Gentlemen, you have given me encouragement and fortitude to continue my campaign for an incentive tax cut. Thank you.

Chairman PATMAN. Mr. Reuss?

Representative REUSS. A question first of my colleague, Mr. Curtis. Did I hear you right—you attribute the fact that a smaller total of local school bond issues was voted in 1961 than in the period, 1958–60, to President Kennedy's advocacy of Federal aid for education?

Representative CURTIS. It was the unsettled condition, yes. The school districts thought they might get it free or get it from the Federal Government.

Representative REUSS. Then I did hear you right.

Representative CURTIS. That is correct.

Representative REUSS. How do you account for the fact that school districts voted larger amounts for local school bonds in the period 1958–60, when President Eisenhower was advocating aid for school construction? Was that because they did not believe him?

Representative CURTIS. I guess so.

Representative REUSS. A question for the panel——

Representative CURTIS. If the gentleman would yield. You made a wisecrack.

Representative REUSS. How long do you want me to yield?

Representative CURTIS. Just to comment. I would say it could be that. I do not know. It certainly deserves explanation or contemplation. I merely suggested that this could be the reason. I think it probably is.

Representative REUSS. A question for the panel: Leaving aside, for the moment, the politics of tax cuts, monetary policy, and other methods for dealing with our economic lag, what is the difference in economic effect of a tax cut of, say, $6 billion and increased Federal expenditure of $6 billion? The increases in Federal spending in my example would be for schools, hospitals, urban rapid transit, urban redevelopment, antipollution work, and other necessary public works. Is there, in your opinion, anything different economically between one method and the other? They would both increase the deficit by $6 billion in the period immediately ahead. Would one method give more impetus to the economy than the other?