The reason I have analyzed so carefully—I hope carefully—this whole profit picture and investment picture during these recurrent boom periods that collapsed so quickly, is because I have been asked why they collapsed. They didn't collapse because they were not making enough profits. They did not collapse because the tax policy was too severe. They collapsed because, even with a giveaway tax policy, practically, and extremely high profits, they still won't continue to go ahead when they saw more and more that they couldn't sell what they could produce, and this is true in the last year as well as in the period preceding the last recessions.

The reason we are now moving into stagnation and recession again, is precisely the same reason as in these previous periods, namely, there were plenty of cash flows, plenty of profits, a very favorable tax situation, but they still would not go ahead with adequate investment, and in fact are willing to go ahead now even less than previously, because now more than ever before they are confronted with unused plant capacity. Business Week, on the 28th of April—and this is my final point, Mr. Chairman—these business magazines amuse me. They have an editorial page in favor of more tax concessions for business. Then they have a fact page or an analysis page which recognizes the opposite.

There was a long article, based upon the McGraw-Hill survey in Business Week, which said they had plenty of cash flow, plenty of profits; that the reason they are slowing down their investment is that the investment of tomorrow is based upon the customer of today; and if only they could get the customers, they would have the markets and would make the investments.

I think this is a guide to tax policy, I think it is a guide to monetary policy, and I think it is a guide to general economic policy.

Thank you very much for your attention.

Chairman PATMAN. Thank you, sir. You may keep your seat there if you desire, and we have our next witness, Mr. Saulnier.

Will you come forward, please?

I believe, Doctor, you have a prepared statement. You may proceed in your own way.

STATEMENT OF RAYMOND J. SAULNIER, PROFESSOR OF ECONOMICS, BARNARD COLLEGE, COLUMBIA UNIVERSITY, NEW YORK CITY

Mr. SAULNIER. Mr. Chairman, I have a prepared statement, copies of which I believe have been distributed to the committee.

Chairman PATMAN. Yes; they have been distributed to the members.

Mr. SAULNIER. This statement was prepared rather hurriedly and I have already detected some points I would like to correct. I hope you will give me an opportunity to correct them before the statement is, as I expect it will be, printed.

Chairman PATMAN. You may correct them as you go along, or if you desire you can wait until you examine your transcript of testimony.

Mr. SAULNIER. Thank you, Mr. Chairman.

Chairman PATMAN. You certainly will be given permission to correct it.

Mr. SAULNIER. I will read the statement, if I may.