

Mr. SAULNIER. That is right.

Representative REUSS. The proposed tax revision would cut tax revenues, you estimate, by \$2 to \$3 billion.

Mr. SAULNIER. Two and a half billion dollars possibly.

Representative REUSS. You would offset such a reduction in tax revenues mainly by cuts in Federal expenditures. You would hold wages down in order to increase corporate profit margins.

Mr. SAULNIER. No. May I interrupt.

Representative REUSS. Yes.

Mr. SAULNIER. I would say that the increases in wages should be kept within, well within, the limits of productivity improvement.

Representative REUSS. But before you would validate a wage increase, you would make sure that corporate profit margins had expanded. That is my understanding of your testimony.

Mr. SAULNIER. Again I am not sure that I like your word "validate." I do not like to cast the Government in the role of validating or invalidating.

Representative REUSS. Strike "validate," but is it not your contention that wages either should not increase at all, or increase only after the corporate profit margins have been widened?

Mr. SAULNIER. I am afraid I would have to amend that to say concurrently rather than after.

Representative REUSS. Concurrently. All right.

Mr. SAULNIER. Which is very different.

Representative REUSS. And further on wage policy, you suggest that present minimum wage determinations under programs of the Walsh-Healy and Davis-Bacon type are too liberal, and that they should be kept down.

Mr. SAULNIER. It may well be. I think they deserve study.

Representative REUSS. Then having stated what I think to be the ingredients of your program, I must ask how it will improve the economic situation. Is it your belief that such a program would increase business investment?

Mr. SAULNIER. That is correct.

Representative REUSS. My question is, Who is going to buy the products that can be made by existing plant and equipment and manpower in our economy under your program, much less the potential output of additional, more modern facilities?

Mr. SAULNIER. The first thing I would say, Congressman Reuss, about that is that it would be very helpful, as a preliminary step, to have a clarification of what our policy is. If I may say so, I think there is a good deal of uncertainty through the country at the present time as to what our economic policy is.

Representative REUSS. I agree.

Mr. SAULNIER. And if I may say so, I think it is almost more important that we have a clarification of what the policy is than that we take this step or that step or some other step. Let me illustrate what I mean, Congressman Reuss, by the discussion of emergency tax cuts. I read the newspapers pretty regularly, a number of them, and day after day I read accounts that taxes are going to be cut; no, they are not going to be cut; we will think about it next week; we are going to wait until we have the economic figures for July 15 or for August. And the date comes and then it is not quite clear whether they are going to be cut or not.