Representative REUSS. I would agree with you there.

Mr. SAULNIER. Mind you, Congressman Reuss, I want to speak very constructively here. I honestly believe that it would be a good thing for the country if we decided here just what we are going to do. It seems to me that the facts are clear enough now to tell us what we should do.

Representative REUSS. I agree with you.

Mr. SAULNIER. I think that clearing the air, in itself, would have an electric effect through the country.

Representative REUSS. I think it is highly important that we clear the air. You, as well as Mr. Keyserling, have, in a very frank and sincere spirit, offered a concrete program for clearing the air. My specific question is, how will your program, in the cleared air which would undoubtedly accompany its enactment, generate purchasing power to take off the market goods we can produce with our present capacity together with the goods which additional capacity could produce?

Mr. SAULNIER. I would answer that question, Congressman Reuss, by saying that if a program were put forward, the business people of this country, and I say "business people of this country" advisedly, because, after all, we are talking about an enterprise economy which works well if business units work well, and does not work well if they do not work well——

Representative REUSS. My point, of course, is if business units work best when there is a good prospect of selling that which they can produce——

Mr. SAULNIER. Indeed they do.

Representative REUSS. I do not see how your program gives us that market. You would take $2 or $3 billion out of the spending stream when you cut expenditures by that much. I do not know how much added capital investment you expect to get. While I would agree with both you and Mr. Keyserling that the level of private investment should be raised, the addition of more capacity will not by itself generate enough consumer purchasing power to absorb the extra output.

Mr. SAULNIER. I think I understand the difficulty you have with the statement I made, and I would like to try to clarify it. I started to say that if a program were put forward which the business people and the American people generally accepted as a constructive program, one that they could understand, one to which they could subscribe, I think this would have the effect of improving the confidence which people feel in their future and of removing the uncertainty that they feel in the present situation. That result alone would have an expansive effect on our economy. And within the context of that program you would be doing things in the tax area that would be stimulative.

Then, Congressman Reuss, I would like to comment, if I may, on your observation that Federal expenditure reductions would take funds out of the stream of expenditures. I am not sure that that needs to be the case, and I suggest that there is one area of the Federal budget to which one might look for possibilties for expenditure reduction, where I think a lowering of expenditures would not necessarily take money out of the income stream, but would in effect shift activity from, shall we say, the public to the private sector. That