

is the area of the budget which we call Federal credit programs, and which is a very substantial part of the budget.

Representative REUSS. Thank you.

Mr. SAULNIER. I do not want to make that suggestion, Congressman Reuss, quite sincerely. There are many expenditures where Federal Government is spending the money—it is in the Federal budget—but if the Federal Government were not spending, it very likely would be spent in the private sector of the economy.

Representative REUSS. Thank you very much.

Congressman Curtis?

Representative CURTIS. In listening to these discussions I am impressed, particularly in relation to tax cutting, which it is assumed without offer of proof would stimulate the economy, with the further unproved assumption that demand may be equated with consumer purchasing power. It seems to me that therein lies some of the misconceptions. To prove my assertion I would relate it to the agriculture sector of our economy. As near as I can see, we could increase consumer purchasing power double, triple, or any amount, and it would have very little bearing on utilizing our agricultural surpluses. It seems to me that we have reached a stage in our economy where at least in some sectors we are dealing with an economy of plenty as opposed to one of scarcity. That is why I relate it to the agricultural sector, because that seems quite clear, and what have we done about that? Because the real consumer demand has not been there, we have artificially put it in there through Federal expenditures, agricultural subsidies, and that is where the purchasing goes on of our agricultural produce. In that instance we can continue to improve our efficiencies of wheat farming, cotton farming, or whatever, and lower our unit cost in that fashion, but still the difference is made up with tax dollars where the Federal Government just buys the surplus and stockpiles it. I wonder if you would comment on that, Dr. Saulnier, as it relates to this question that we are now talking about, of whether it is the consumer demand area or rather consumer purchasing power that is the inadequacy.

Mr. SAULNIER. Congressman Curtis, I do not diagnose the problem in that way.

Representative CURTIS. As consumer demand?

Mr. SAULNIER. I do not say that the American economy is generally an affluent economy.

Representative CURTIS. Do you agree with my analysis in the agricultural sector?

Mr. SAULNIER. In the agricultural sector, I would say we have a distinct problem of overproduction.

Representative CURTIS. That is right, which is affluence, and even if our distribution system were better, and even though we may have some of these low consumer purchasing power groups that Dr. Keyserling talks about, even if we project hypothetically the amount that they could buy in the field of agricultural produce, I think using that model we find that it would not make much of a dent in the agricultural surplus production. I think it is important that we break down these economic aggregates into components, because I suspect that in other areas what we are really seeing to a large degree is consumer choice having a great play, and not only consumer choice as between what