50 percent. I would try to get the corporate rate down to 45 percent or even 40 percent. As an offset to the loss in revenue, many exemptions and loopholes will have to be eliminated. This last is the big job.

Taxes have become so high that they enlist the best minds in corporations, in law firms, in accounting firms, in tax avoidance. It becomes more profitable to save on taxes than to make money—to produce goods and services—on which you have to pay taxes. The more successful a person is the lower is the incentive to become more successful. Our tax system is a disincentive system, and, a temptation to immorality.

It is quite possible that we are on the threshhold of a recession. Evidence can be assembled to make a case either way. My own feeling—and the word "feeling" can be translated into hope—is that any decline, if there is one, will be shallow, something we can weather.

We have talked persistently in the postwar period of cutting costs, becoming competitive, yet every time we have faced a readjustment, we have been inclined to inflate, and thus prevent the modest readjustment in costs, in prices, that industrial cycles, adjustments, are supposed to bring about.

We talk about a government of checks and balances. Periods of industrial lull are, in a sense, a check to keep the economy in balance. I would rather save a tax cut for the overhaul of the tax structure next year. Privileged taxpayers will cite "strong" reasons why their various vested loopholes should not be closed. Congressmen favoring tax reform will have to offer substantial cuts in personal and corporate taxes to generate enough general enthusiasm to overcome the intense and specific objections of the privileged and the lobbyists.

I think if we restore profits to the profit system, we will stimulate the incentive to innovate, experiment, and expand, both for the corporation and the individual. The Government won't need to offer special inducements to put up new plants, because businessmen will want to expand. There will be more money—profit—in it.

During the period of the great depression, it was right and proper for the Government to undertake stimulation of purchasing power. We still want rising standards of living at all levels, and especially at the lower levels. In this context let us be thankful that, though we have unemployment in the United States, few families go hungry. In the Soviet Union, which so often is served up as an economic example of rapid growth, supposedly, there is no unemployment, but plenty of hunger.

Economics does not abhor slack. Only certain economists!

Slack is part of the process of growth and change. We have slack on the railroads because of trucks, passenger cars, turnpikes, and airlines; slack in steel because of aluminum, concrete, and plastics; slack among writers because of the decline in the number of newspapers and magazines; and slack among politicians because for every senatorial and congressional seat there are usually three or four candidates.

The wave of the past won't perpetually suit the present. At this juncture in our economic development, it seems to me we will achieve future economic growth and higher employment by regenerating faith and confidence in profits as profits and not in trying to breast-feed the economy every time it whimpers.