

think both the depreciation reform and a tax cut are useful in adding to that spark and interesting businessmen.

I would venture the opinion, even though I highly respect those surveys and would give real weight to them, that surveys of businessmen, economists, and everybody else at times have been very wrong.

The surveys of businessmen about future plans in 1957 in terms of the general outlook of the economy were very wrong. I think at this stage many businessmen are a little too much concerned and too much worried and I think a spark, something that will light things up and get things moving in this area is desirable.

Senator PROXMIRE. They say this is not what they want. It is a giveaway. It means we have made another loophole in the law.

You can extend this to other persons. If you let corporations do this, why not let individuals do it, and so forth. The bill as it passed the Senate committee, as I understand it, even included furniture in motels as plant and equipment.

Mr. LIVINGSTON. Are newspapermen allowed to take credit for their typewriters?

Senator PROXMIRE. Maybe they ought to take credit for what ability they have. You know that wears out; they buy education and so forth.

Mr. LANGUM. It seems to me that the tax credit is desirable. I think that or any other proposal must be put in terms of proper perspective in a group of things or package of proposals.

I think certainly that basic tax reforms along the lines Mr. Livingston was talking about are very much more important than just a tax cut alone and certainly any hurry to cut taxes now because of an alleged recession.

Senator PROXMIRE. That was a Senate rollcall, so I have to go. Before I yield to Congressman Curtis, I did want to ask Dr. Hagedorn about his statement, if he could present a statement for the record of any studies on the exodus of capital because of a change in interest rates.

We have asked others who advocate this policy to prove it and they have not been able to do it. Statements by Chairman Martin and other economists indicate quite the contrary, that we are not and are unlikely to lose either gold or much capital as a result of a differential in interest rates.

Furthermore, and you can put this in the record later, isn't it a fool's errand to raise this country's interest rates, not only because of the facts adduced by Congressman Reuss but other countries have a reason to hike theirs and maintain the differential.

They have a shortage of labor. They have a serious inflationary problem. We have neither of those things. Their interest rates are bound to be higher. They also have less political stability than we have.

Finally, there is the argument that these countries have no incentive for bankrupting this country or creating a big drain of gold.

It is within the power of our Government to correct this adverse balance, because the basic cause for the adverse balance of payments is our foreign and military aid programs which help pull these other countries' chestnuts out of the fire.