

have, but rather to make thin sheets so that they can compete with plastics.

Secretary DILLON. That is because their other kind of production has been made obsolete to some extent by the plastics' competition.

Representative CURTIS. Exactly. But you do not solve the problem by just putting more money into consumer purchasing power, which is this theory of deficit financing, because you have got that capacity.

I relate it to the agriculture sector, to make it dramatic, where you have got more production than our consumers can handle. Even if we increased consumer purchasing power by billions, it would not move the agricultural surplus.

And we have unemployment in this area, and we have underutilization of our plant, which is the acreage.

So all I am pleading for in this business of figuring out economic growth, is that we lay aside these aggregates that we have been using and get into some component parts so that we can see what the problem is.

And that leads me to this concluding observation. I want to join with Senator Javits in wishing that the administration would think about preparing a message to the Congress on tax reform for 1963.

Now, some of it has been exact, and I appreciate it, in rates. I could not agree with it more. I regard it as a reform. I regard it as permanent. I regard it as being one of the greatest impediments to economic growth. I do not regard that on the theory of the tax "quickie," which is to stimulate the economy.

But there are other areas in our tax structure which I think also are impeding economic growth. I believe it would be important for the President to point them out.

I try to point out areas where I think this is the case. It is true that what is one man's loophole is another man's equity; and that is the issue.

I think there are real loopholes. On the other hand, I think there are some instances where we probably are inequitable, because we do not have an accurate differential.

So I think it would help in the public understanding and debate, and also toward moving forward tax reform in this area, if the President could, before Congress adjourns, pinpoint some areas, at any rate, where he thought that tax reform was needed.

Secretary DILLON. I would like to just say one thing.

I think it might be useful to try to throw a little more light, at least on what I think is involved in these price comparisons of various performance.

What the President clearly had in mind was the comparative price performance, in comparable periods of the business cycle. In other words, the present recovery compared to preceding recoveries.

Obviously, in periods of recession, prices are apt to go down, and it is not very appropriate to compare a period of recovery with one of recession.

But when you do compare the present price action in this recovery with the preceding recoveries of 1958, 1954, and 1949, you can do it in three different ways. There is the action of the gross national product deflator, which is what you use to get constant dollars. There