Representative REUSS. With that hazard in mind, I call your attention to the majority Joint Economic Committee report which said that the first imperative for fiscal policy in 1967 is that Congress must find ways to reduce expenditures for fiscal 1968 by at least $5 billion, from which Congressman Bolling and I dissented in our separate views, saying we cannot agree with the majority's central thesis that the economy is so weak and the possibility of a downturn so great that we cannot afford to raise taxes, but at the same time we should cut expenditures by about the same amount as the administration proposes to raise taxes.

Now in the light of what you have said, that a request for a raising from a C to a C-plus sometimes involves your reading the whole paper and making an independent judgment, I won't at this time ask you to reconsider Congressman Bolling's and my view.

Mr. SAMUELSON. On the contrary, I have never believed in guilt by association, even in a partisan sense, and I had noted in doing my homework your reservation and I had given extra credit to you two members for this. I had thought that careful textual examination of my document might show an explicit recognition that some of the committee had a reservation in that respect.

Representative REUSS. The overall mark of C was given to the committee, but I won't raise this question for the reason I have given. Let me instead ask this.

Mr. SAMUELSON. I may say, by the way, that performance like that only brings into sharper relief the misdemeanors of the other members of the class because it had been called to their attention.

Representative REUSS. I don't wish to become teacher's pet. On a more serious matter, the view which Congressman Bolling and I espoused in our separate view is one which I still hold, and while I can't speak for Mr. Bolling, I think he does too, and that is this: that given the situation we now find ourselves in with a very sharp budget deficit in prospect, a budget deficit ranging, you name it, from $10 billion to $25 billion, of which I don't think more than $2 billion or $3 billion can be attributable to weakness and loss of revenues, because I think most of that deficit is a straight, old-fashioned spending-more-than-you-take-in deficit. With that big deficit facing us, but with the overall demand situation at the moment not really making an inflationary bite, isn't the following what ought to be done? Shouldn't Congress do two things, the sooner the better: One, pass something like the administration's 6 percent surcharge request, providing that it not go into effect until such time, if at all, as Congress by joint resolution determines that demand inflation is indeed upon us; and, secondly, act right now to raise $3 billion worth of additional revenues by plugging certain politically pluggable tax loopholes?

I think here particularly of such loopholes as the present one which allows someone with an unrealized capital gain to escape the income tax on it if he holds the securities until death. This loophole alone would yield roughly $3 billion a year in additional revenues. It was sought to be plugged by the administration back in 1962, and for one brief glorious moment the House Ways and Means Committee, by majority, actually voted for plugging that loophole. But it later got lost in the shuffle. But my point is that plugging such a loophole would, to a minimum degree, chill consumer spending and productive investment.