been going on. Because as long as the market thinks, with an election year coming up, tax rates won't be increased, you get an intensification of their apprehensions in this regard.

I might also say that although in principle I would like to see the Executive get some discretion, I know from experience in this decade how difficult it is to win popularity for that cause in the Congress. There has been some reason to think that a halfway proposal like the one you made would not be completely unacceptable to all Members of Congress. I may refer to some discussions in 1964 on this matter, and if the Congress were for it, I would say it would be a very good thing.

Chairman PROXMIRE. Mr. Brock?

Representative BROCK. Thank you.

I would like to just briefly say I appreciate the gentleman from Wisconsin's concern with closing these loopholes, and I think we have a very excellent prospect of doing it the day the gentleman in the White House begins to talk about oil depletion allowances.

Chairman PROXMIRE. This could be announced from the ranch.

Representative BROCK. The day that it is, I think we will begin to close some loopholes. In regard to your comments, gentlemen, I was interested, Professor Samuelson, in your analysis of the prospects for our GNP growth in the balance of the year. If, as you say, it goes from $4 billion in the first quarter to $15 billion by the fourth, I would like to ask this question: With our plant capacity operating in the neighborhood of 87 percent, with a 40.3-hour workweek, the lowest in quite a while, with no productivity increase over the last several months, how much absorbative capacity do we have for this increase in GNP without any real price pressure?

There obviously must be some capacity to absorb. How much can we absorb?

Mr. SAMUELSON. You are asking about the most difficult question that can be asked of an analyst to get a good relationship to predict price behavior from the macroeconomic totals. I think that there are a number of favorable considerations. All I can do is give you a catalog of favorable and unfavorable considerations.

A number of the favorable considerations have been mentioned earlier by members of this committee. I would like to call attention to the fact that there is something like a world recession going on.

Chairman PROXMIRE. Something like a what?

Mr. SAMUELSON. Like a world recession in Europe. We have not caught the plague. It is not an old-fashioned depression, but for the first time we can no longer say that the mixed economies like Western Germany have not shown a recession in 15 years. The point of this is that there has been some pressure taken off the aluminum markets of the world, some pressure taken off the copper markets of the world, so that a number of basic raw materials are in favorable position. With respect to productivity, we have reviewed the capacity situation, and so forth.

So, if it were just a matter of going from a $4½ billion in the first quarter to $9 or $10 billion in the second quarter, and $12 billion in the third quarter and $15 billion in the single fourth quarter, I would not be so concerned that that behavior itself would accentuate price pressure. We might have some price pressure regardless of what we do, from food and from delayed effects. But most of the forecasts