

yesterday that is not generally looked upon as a glamour industry—rehabilitation of existing housing. Yesterday during the recess I saw houses in Philadelphia that were purchased by the interfaith-inter-racial group, at an average cost of \$1,500, with \$6,000 put into rehabilitation and put on the market privately at \$7,500, completely refurbished. The people taking ownership of those homes pay \$53 a month, which is about what they were paying for rent in units that were in utter disrepair and without any chance of owning them.

It seems to me that if we are looking for places to put large sums of private capital, if we could find a way to rebuild existing structures, rather than bulldozing down structures and building these high rises, all municipally or publicly owned and only rented, not sold, we might have a tremendous new growth industry for the future. Would you care to comment on whether the impact on the economy would come at the right place and in the right way, if somehow we could find a way to stimulate this movement in the cities across the country?

Mr. BURNS. There is nothing that I would like better than to see housing become a growth industry and a glamour industry. Whether financial incentives are adequate to bring that about at the present, I am quite doubtful.

But, as I say, it would cheer me up about the future of our country if this industry, rather than a dozen others I might name, would become the glamour industry over the next decade or two, because then we would have an activity that stimulates the economy, truly enhances the welfare of the people, and which also promotes better citizenship.

Your striving in the direction of expanding home ownership, Senator Percy, if I may say so, I find most encouraging, and I want to wish you every success in the exploration that you have underway in this area.

Senator PERCY. Thank you, sir.

Chairman PROXMIRE. Mrs. Griffiths?

Representative GRIFFITHS. Thank you very much, Mr Chairman.

First, I would like to say to you, Mr. Burns, that I certainly do agree with your theory of the investment credit. I think it is unfortunate that it wasn't put on in the beginning as a countercyclical device.

I would like to ask you this. Supposing that Congress does as it did last year—and I assume that there is every reason to feel that it possibly will do as it did last year—add additional money to programs, and create programs of its own, and then what if we did not pass the tax bill? What do you think the result would be?

Mr. BURNS. I believe if the expenditure curve rises rapidly, that if we do not pass the tax bill this year, we will the year after, or the year after that. The puritanical tradition in this country is still strong, and I think that it is a good thing. True, we are willing to live with deficits, even willing to live with deficits year in and year out, but they must stay within a relatively narrow range.

I am entirely convinced, or to put it differently, I have enough faith in the American people and in the Congress to feel, that if the expenditure curve rises rapidly, it is just a matter of time before taxes will rise rapidly. If we move in that direction, I am fearful that our economy will be weakened.