Dr. DYMSZA. I think the savings-spending rate might remain the same, and in that case we would find that part of the decrease would be a decrease in consumer spending.

Mr. BETTS. But an increase in Government spending?

Dr. DYMSZA. I am assuming that the Government spending is going to be held down.

Mr. BETTS. But the $10 billion will be spent.

My point is, part of the $10 billion is being saved now. If it were transferred to the Government, it would be spent. To that extent, we wouldn't help the balance of payments at all.

Dr. DYMSZA. I think the main impact of the tax increase would be to reduce overall demand, the forces of demand in relation to supply, and this would hold down the price increase which we will have.

Also, it would lead to a lesser reliance on monetary policy, which has very uneven effect.

For example, it has its major effect on housing and other segments of the construction industry.

Mr. ULLMAN. Any further questions?

Thank you very much, Dr. Dymsza. We appreciate very much your appearing before the committee.

Mr. Kindleberger?

We are happy to have you before the committee, Professor.

For the record, would you please identify yourself, and proceed as you see fit.

STATEMENT OF CHARLES P. KINDLEBERGER, PROFESSOR OF ECONOMICS, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Mr. KINDLEBERGER. I am Charles P. Kindleberger, of Bedford Road, Lincoln, Mass., employed as a professor of economics at the Massachusetts Institute of Technology, but speaking today in a personal capacity.

Representative Charles W. Whalen, Jr., of the Third District of Ohio asked the committee to permit me to appear.

I am the author of textbooks in the field of international trade, including "International Economics," which was issued this year in its fourth edition, and "Foreign Trade and the National Economy."

Mr. ULLMAN. Would you take the microphone closer, please?

Did you mention Ohio?

Mr. KINDLEBERGER. Yes, sir. I was invited by Representative Charles Whalen to appear. My only connection with Ohio is that I have a daughter in school there.

Mr. ULLMAN. Fine. Proceed.

Mr. KINDLEBERGER. While I take exception to the Government's program in the field of the balance of payments, I support its proposals in trade, including a renewal of the President's powers to negotiate tariff reductions reciprocally under the General Agreement on Tariffs and Trade, the elimination of the American selling price as a basis for valuation or certain products, largely chemicals, in calculating ad valorem tariff duties, and the reduction on a mutual basis of nontariff barriers to trade. I urge the Congress to resist the attempts by a number of particular interests to impose new tariffs or quantitative restrictions