

asked the Congress to do anything about them. Because, when you plug a tax loophole, you probably do not throw a man out of work, as you do when you grab a similar amount of revenue by an across-the-board tax increase.

Most of the money that would be brought into the Treasury by plugging tax loopholes is money that is not spent on consumption, or isn't spent on real investment in plant or equipment, but instead bids up the price of commodities, or stamps or jewelry or art works, or chases around in the stock market, or leaps overseas into foreign speculation. It does not make jobs.

Therefore, we have something grievously wrong in letting the loopholes go unplugged, because we lack the will to do anything about them—we have to throw men out of work, some 300,000 of them, in our model here, in order to, in your phrase, pay the bills.

I am for paying the bills, but why not pay the bills by getting revenues that do not tend to put people out of work?

Secretary WIRTZ. If the question were whether to pay our bills by closing tax loopholes, or putting 300,000 people out of work, I would take the closing of the loophole. I believe that is an oversimplification of it.

Representative REUSS. A little, but not entirely.

Secretary WIRTZ. It is surely not irrelevant. But I would like to suggest that I think the unemployment rate will not be larger if the surtax is imposed than if it is not imposed. I want to be very clear about that.

Representative REUSS. You reject Gardner Ackley's 300,000 figure?

Secretary WIRTZ. No. I do not think that is what he says. There are a lot of other things going on. There is a manpower training program that is covering 1,300,000 people this year. There are a lot of other things going on. I repeat, I think that if or when the surtax is imposed, the unemployment rate will be lower than it is now, or at least no higher than it is now.

I think the increase in the number of jobs this year will be as large as it was last year, or approximately that large. I believe that is about a million six hundred thousand. So that I do not think that the surtax will reduce that.

Representative REUSS. You will have me voting for the surtax in a minute here. You really think unemployment will come down?

Secretary WIRTZ. Yes, Mr. Reuss. I think the question is whether it is legitimate to look at the surtax alone. In complete candor, perhaps even letting my guard down, I accept those figures. But I would point out there are a lot of other things going along with them. And I would urge considering two parts of the program which the President has put before the Congress—one, a surtax proposal, which you say the chairman on the Council of Economic Advisers says could in itself have an effect on reducing employment by 300,000, and a second provision of which is a manpower program expanded by half a billion dollars which will have the result of putting another 300,000 people into training.

Representative REUSS. Let me take the second part of that. I will just expand, and forget about the contracting—what is wrong with that? And pay the bills by plugging tax loopholes.

Secretary WIRTZ. I beg your pardon?