Suppose you sold it in E-bonds. The purchasers then are the consumers. Then they would not have $5 billion to spend. You have taken it right back from them. Suppose some goes to investors, as some would, then they do not have that to invest. The Government has taken it.

Mr. ECKSTEIN. Sticking to the tax side, a tax cut on business, I think most people who have tried to make studies of it tend to say in the long run the larger part of additional cash flow would be spent. Then you get to the other side of the question—to what extent is spending reduced by the bond financing? Mortgage money and other long-run money is presently not terribly scarce. It is not rationed even though interest rates have moved up. It seems to me that it is up to policy whether long-term investible funds other than internally generated funds are going to be made very scarce or not. That is a question of Federal Reserve policy.

So we have that side of the coin under somebody's control to some extent also. Of course, the Federal Reserve could run a policy which is so tough that they could completely undo the effect of the tax cut.

Representative CURTIS. Particularly with the balance-of-payment problem. To me these are the issues we should have been discussing in the Ways and Means Committee. Yet the witnesses who appeared before us were unprepared to discuss it. It was improvising, instead of the prepared papers being on that point. I thought that everyone was begging the question. The question is, Will a tax cut which increases deficit financing and puts an added burden on debt management in the condition we are now in, balance of payments and so forth, stimulate the economy, even if it would work at other times under different circumstances? This is an untested theory at best. At any rate I wanted to pose that.

The one thing I particularly wanted to ask a question on here is this: I have just recently got my ducks in a row on it. I know you are all interested in new economic phenomena. I think we have a beauty here. To me it is an amazing thing and one that requires real study and explanation. That is the fact that the civilian labor force, and I have the figures back to 1929, has continually increased each year except for war years. With the total labor force which includes the Armed Forces it continued to increase. But for the first time since 1929, in the year 1962, the civilian labor force actually has not increased and yet our population figures would indicate that there would be an increase of around 1 million.

I average out the figures from 1929 to 1959; we increased on an average about 700,000 a year. In the figures that we have here from 1955 to 1961, we increased almost a million a year. We were able to ask questions on this. Dr. Ewen Clague sent in a letter to the committee saying his statistics were right. I had raised the question whether the phenomena could be explained as statistical errors. Secretary of Labor Goldberg yesterday said that this is a phenonemon to which they just do not know the answer. I have been trying to fit it into my theory of what I think is the test of real economic growth and my belief that we are not stagnant and it does make sense to me that we are having people withdraw from the labor market because they do not want that extra income or balancing in their minds whether they would rather have the leisure time or the income. People did go into the