

taking, and I am not flippant about it. The risks have been very ill advised, when they result in building plants that are not being used. All I want is to encourage risk taking by getting the plants used, and to get the plants used you have to have more sales, and then there will be risk taking on a sound basis. Otherwise, if the other very simple formula is correct, why not reduce the corporate tax rate from 52 percent to 22 percent? You would get so much risk taking, and you would have so many plants built, that pretty soon idle plant and manpower would get entirely out of hand. I am for risk taking in proper proportions.

Representative CURTIS. May I comment on that?

Senator Proxmire is chairman of the subcommittee of this Committee on Economic Statistics, and we held some recent hearings, and have a very good report on industrial capacity. One of the things that has always intrigued me, is the so-called unused capacity. I think discussion about it needs to be always in context with the limitations of those statistics. What I want to relate it to is this: A great deal of the so-called unused capacity that is constantly referred to is obsolete capacity, and the more rapidly innovation comes, the more obsolete plant and equipment we have. How do you relate that?

Mr. KEYSERLING. Congressman, are the 9 percent of the human beings available for work, who have not got a chance to work, obsolete?

Representative CURTIS. Yes; their skills are.

Mr. KEYSERLING. Their skills are obsolete?

Representative CURTIS. Yes, and they need retraining.

Mr. KEYSERLING. Just a minute. First of all, let me divide this into two parts. The 9 percent unused labor force that you say is obsolete—

Representative CURTIS. I said their skills were, Doctor.

Mr. KEYSERLING. All right; that their skills are obsolete. But these unemployed correlate fairly well with my estimates of idle plant capacity, and, therefore, the plant capacity is not truly obsolete, because to have the labor force fully employed you would be using a major part of that plant.

Representative CURTIS. Could we stop there? I do not follow the logic there.

Mr. KEYSERLING. I am saying that if you had full employment of manpower—

Representative CURTIS. What would you have them do?

Mr. KEYSERLING. I will come to that. I want to answer that question about what you would have them do, but let us take it one at a time.

Representative CURTIS. I could not follow the logic as you were relating the 9 percent.

Mr. KEYSERLING. I will try to answer your three questions, because you have asked me three questions. First, I say that, if you had full employment of manpower, and still had 15 to 17 percent of your plants not running, then you could say that the part of the plants that were not running were obsolete, but when you have 9 percent unemployed manpower, you cannot say this, because you cannot say that you do not want people to be working.