Thank you for listening to me.

Chairman PATMAN. Thank you, sir. Our next witness is Stanley H. Ruttenberg, director of the Department of Research, AFL–CIO. You have a prepared statement, I believe.

STATEMENT OF STANLEY H. RUTTENBERG, DIRECTOR, DEPARTMENT OF RESEARCH, AFL–CIO

Mr. RUTTENBERG. Yes, I do, Mr. Chairman. I would like to engage in debate with each of the three gentlemen that preceded me, but I shall refrain from doing that at the moment, and go to the text of my prepared statement. I would like to discuss in further detail the reason we view the flexible use of fiscal policy to counter a downward cyclical trend to be of the utmost importance. This kind of limited fiscal objective is entirely apart from the longrun structural reform of the tax system which I hope will be undertaken next year. While overall reform is vitally needed, it is also important to recognize, as President Kennedy and the Commission on Money and Credit already have done, the vital role that flexible use of the power to levy taxes can play to help meet the problem of recurring short-run economic downturns.

Since World War II we have already suffered severely from four business recessions, and in my judgment the economy is already on the threshold of the fifth.

The losses due to these business downturns, if measured in goods and services we could have produced but did not and the tax receipts the Federal Government could have collected but did not, total scores of billions of dollars. Moreover, they have imposed incalculable misfortune upon the families of the unemployed.

It is true that none of the postwar recessions reached the depth and duration that would characterize them as "depressions." This is largely due to the wholesome effect of a series of stabilizers, most of which have been built into the economy since 1929, often despite strenuous opposition. Taken together, they have helped to sustain economic demand and the stability of our economic institutions and have checked the downward business spiral that in the past has too often overwhelmed us.

Unlike the deflationary chain reactions that set in after the 1929 stock-market crash and on other occasions, family income and demand have been helpfully sustained during the postwar downturns by social security payments, farm-income supports, minimum wages, and the stabilizing impact of long-term management-labor wage agreements. Banks have not crashed during the postwar recessions and hundreds of thousands of homes have not been foreclosed, as a consequence of foresighted legislation enacted in the 1930's. Economic stability has been further aided by those corporations that have not reduced investment levels during business downturns but have held to long-term plans. Furthermore, during each recession, unemployment compensation has been helpful—although inadequately so—in countering the wage and salary losses of the jobless and the underemployed. Moreover, important countercyclical levers to make credit more easily available at a lower cost have continued to be available to the Federal Reserve System as a significant antirecessionary tool.