and unemployment statistics of which Dr. Gordon of the University of California is Chairman, in looking at this problem, the participation of the labor force between 20 and 62 has gone down.

Senator PROXMIRE. Including women?

Mr. RUTTENBERG. Including married women.

Senator PROXMIRE. Maybe from a value standpoint it is better that they stay in the home with their children in some cases.

Mr. RUTTENBERG. But the participation rates of males 20 to 62 has as well gone down over this period. If you take 1955 and come up to date. All I am saying is that the answer to the problem of the failure of the labor force to grow does not rest exclusively in the issue of the youth staying in school longer or the older folks retiring earlier.

Senator PROXMIRE. That is right. We have 3 percent of our married males out of work.

Mr. RUTTENBERG. 4.4 percent adult males.

Senator PROXMIRE. The figure I had was different. But it is too high whatever it is. I think it is something we should be concerned about. But it is far less than the overall unemployment number. I have just a couple of more questions to ask of the other gentleman.

I was delighted to see your statement, Mr. Ruttenberg, on page 7 that action to tighten money would simply destroy the beneficial effects of tax reductions.

I agree with you 100 percent. I think this is very useful. I think one definite thrust of at least part of us on this panel and these hearings has been to try to counteract the otherwise overwhelming tendency on the part of many economists, commentators, and leaders that what we need are lower taxes and higher interest rates.

You are putting on the brakes and stepping on the gas at the same time. Dr. Langum, your chart on page 6 shows that plant and equipment outlays in relationship to cash earnings have been dropping and dropping fairly steadily.

They are now the lowest in any year that you have listed here and perhaps the lowest in many, many years. This represents, in my judgment, a perfectly devastating case against the investment credit.

That proposal would open up a new loophole. Business doesn't seem to want it. Your figures show they don't need it. Your figures don't reflect the new depreciation revision which will increase the cash flow and decrease the ratio of plant and equipment outlays to cash earnings.

So it would seem to me on the basis of the statistics you have, the case for the investment credit is pretty hard to sustain.

Mr. LANGUM. I think we have to consider several things on this. It is true that the ratio of plant and equipment outlays to cash earnings has declined for some years and in the current recovery, plant and equipment has not kept pace with the rising cash flow.

Senator PROXMIRE. Do you have any very recent figure?

Mr. LANGUM. Not a recent figure in terms of this measurement. But when we consider what has happened to corporate profits, the total corporate profits after taxes in the first quarter of 1961 with 20.3 billion and with 25.6 billion in the first quarter of 1961, up a bit to about 26 in the second and third quarters.

Corresponding to that plant and equipment outlays have moved up but are lagging. In the first quarter of 1961, the SEC Commerce