

It would be insane for any of these other countries that have these holdings to precipitate a run on this country under these circumstances, when we have our troops over there protecting them and giving them assistance including military assistance.

I can't see any expectation that there is a real threat that we are going to suffer seriously because of the balance of payments situation. I hate to ask and run but you can put your answer into the record.

I would appreciate it very, very much. You have made many able representations to this committee and others and I am sure if there is a good answer to this you may have it.

Mr. HAGEDORN. Before you do run, Senator, may I say I simply didn't want to say that this was an ominous threat hanging over our heads at this moment. I tried to choose language which would not create that impression.

I said, a situation of this type is not necessarily dangerous or inherently disastrous. I was simply pointing out that when you are in the situation of being a banker for other parts of the world that you don't have the degree of freedom that you have when you are not in that situation.

As I said in answer to Congressman Reuss, certainly I won't expect that we should look at all types of interest rates for all kinds of loans in all parts of the world and then take the largest of those figures and match that as the short-term interest rate.

Senator PROXMIRE. England, Holland, and Switzerland are all lower than ours.

Mr. HAGEDORN. Certainly you can't do it that mechanically. It is equally true that we can't forget about the necessity for maintaining some relationship between our interest rates and those abroad.

Perhaps I can clarify my position this way. I don't really think it is disastrous or ominous for us to have one deficit or even a series of deficits in our fiscal accounts. I don't think it is necessarily disastrous for us to have much easier money conditions for a short period.

What I think is dangerous is for us, in discussions of just this type, to come to the conclusion that the way to keep the country prosperous is always to turn to fiscal and monetary policy because that means we are going to turn to deficits to pull us out of whatever difficulties we have.

If we create that impression around the world and at home, that is the real danger. The real danger is that in meetings of this type we would come to that conclusion. That is what I have been trying to protest.

Senator PROXMIRE. I wish I could carry on. I have a 100 percent rollover record so far and I am afraid I may lose it. Congressman Curtis will take over.

Representative CURTIS. Thank you very much, Senator, all I wanted to do was to pick up on the question of the civilian labor force which I think is one of the unique economic phenomena of today.

I have the tables back to 1929; 1962 will be the first time that the labor force in peacetime—the civilian labor force—has not increased.

As a matter of fact, since 1955 it has been increasing at the rate of a little less than a million a year. Before that period it had been increasing about 700,000. Even in the depression in the 1930's it continued to increase, although I want to put a caveat. One of the