trial nations today. In these countries the people and their political representatives have become increasingly conscious of the disadvantages of inflation. They have come increasingly to identify the cause of inflation in the system of wage negotiation by large power groups in our societies; and they have begun to press for some modification of this system. This is an encouraging trend. A move towards greater national responsibility seems more important than international pressures which treat inflation as a purely monetary phenomenon.

My personal view is that expansion should have priority. The growth of production and living standards is the ultimate object of economic activity. Only in conditions of growing demand and production can international trade expand and fulfill its proper function. International reserve and exchange policy must aid expansion, not frustrate it.

As an Englishman I perhaps feel this with particular force. Nearly a century ago Britain was the greatest industrial nation in the world. In 1870 her industrial production was larger than that of the United States. Other nations were bound to catch up, but it was not inevitable that we should fall so far behind. One reason why we have done so is that over the years we have repeatedly adopted policies of deflation and have arrested our industrial progress on the grounds that this would strengthen the balance of payments and permit the maintenance of sterling as an international currency at a fixed exchange rate. Britain is now having difficulty in maintaining her position in the ranks of the European industrial nations.

The United States has been losing her lead in the past decade. I would hate to think that she was beginning to follow the same course as Britain.

R. R. NEILD.

Representative REUSS. Thank you again, gentleman.

The committee will now stand adjourned until 10 tomorrow morning in the caucus room of the Old Senate Office Building.

(Whereupon, at 12:40 p.m., the committee recessed, to reconvene at 10 a.m., Tuesday, August 14, 1962.)