

It may be very cheap to have a tax cut, even if it creates a deficit. You can't cut expenses immediately, I realize, but I do think you should certainly tend in that direction. I feel, but I can't prove it, if the millions and millions of workers get more in their payroll check every 2 weeks, that is likely to be spent, even if they have savings accounts.

They may be budgeted. They may budget their savings. They may budget their insurance. They may be hard pressed. If they get more in their paycheck, I am sure that it would go into the spending stream and it would go in very quickly.

Representative CURTIS. My time has run out. I will come back to this when I get a chance, because I think you are begging the question and I do want to explore this very question of economic growth.

Representative REUSS. Mr. Eccles, you made a number of recommendations. There is one that I would particularly like to explore, the one where you recommend that strikes be outlawed and that compulsory arbitration be provided.

You arrive at this recommendation which is, in my opinion, an extremely drastic one, because of our balance-of-payments situation, I gather. The key sentence in your written paper seems to be on page 5, which says:

This country is finding it increasingly difficult to sell goods in the world market.

Mr. ECCLES. That is only part of it. I think that happens to be the dilemma that we are confronted with at the present time. Certainly I feel that we should avoid the inflationary impact of wage increases and price increases. I am not one of those that believe in a continued inflation.

I would like to see stability in our economy. I would like to see the insurance and savings of the public protected. I would like our dollar to be a strong currency. It is a strong currency if you have price stability, adequate growth, and employment. It seems to me that we have, as you know possibly better than I, pretty much failed to deal with this monopoly of organized labor.

The demands that have been made by some of the leaders are unreasonable, certainly in relationship to the state of the economy. Their wages and fringe benefits have far exceeded productivity, and productivity, in my opinion, should not go entirely to organized labor. Productivity comes as the result of new investment and not due to the increased efficiency necessarily of organized labor.

There are many features of the situation, your featherbedding, which the President and Mr. Goldberg are trying to get at now. I think they have a formula. I think they recognize the problem. If there is some other way of working it out, fine, but it seems to me we do need some kind of legislation that is going to put a restraint upon the powers of organized labor.

Representative REUSS. Let me say I thoroughly agree with you, Mr. Eccles, in being opposed to inflation. I recognize there is a wage-price problem. Others in the Congress and I have advocated for some years that there should be a mechanism within the Federal Government for at least focusing the spotlight of an informed public opinion upon wage or price increases which would endanger the national stability.