

and the cost of reversing it gets increasingly expensive as it turns down, so you don't economize by not facing it or meeting it at the time that it develops.

As I indicated before you came in, my tax proposal is temporary. I would favor a program of permanent tax reduction and adjustment. I believe that taxes, generally speaking, are too high, and there should be some adjustment in taxes. There should be some curbing in expenditures, particularly in our foreign-aid programs, and where there are obvious loopholes, something should be done about it.

Therefore, I think we need some tax reform that can wait until after the first of the year, so I am not opposed to the President's program. This was merely to meet a current situation.

Senator JAVITS. From your experience with the Government, would you say that the issue is dead in this session?

Mr. ECCLES. I would think it is possibly dead unless the situation should deteriorate so that it was necessary to call a special session. I would rather doubt that it would go that far so soon.

I think maybe we have enough built-in factors, such as unemployment insurance and public expenditures, to help hold up the economy. The present public deficit certainly tends to support the economy.

Senator JAVITS. I was very interested, too, in your feeling that a tax cut is not the only thing we can do, but we ought to tighten up our procedures with respect to labor and strikes which affect the national interest.

Would you feel that your alternative was the only one, or would you be willing to have considered, for example, the possibility of some limited seizure power on the part of the President?

For example, I have urged seizure and operation to the extent required by the national health and safety.

Mr. ECCLES. I would certainly think where it gets to the question of the airlines, such as Pan American, as large as that is and operating in the international market, or the railroads, that there certainly should be power of seizure. The public interest is so involved that matters of that sort simply can't be temporized with, and you could not permit the paralysis that some strikes would create.

We do need machinery to deal with things such as the west coast shipping situation, which lasted for months and months and months. The effect on the public and the effect on the economy generally was tragic.

This building situation that exists there today, with the outrageous demands for plumbers of \$7.55 an hour, \$14,000 or \$15,000 a year within 3 years, what does that do to the housing situation or construction generally?

Unless you inflate the whole economy and bring everybody up to the same relative income position, how do they pay rents, how do they build houses under these conditions?

Senator JAVITS. Mr. Eccles, the important thing that I think you understand, and that I agree with you on, is that quite apart from other matters, there is much which we can do. The President outlined six measures, all pretty much in the governmental field. We can have an impact upon the private economic system. That is what you recommended.

Mr. ECCLES. That is right.