

Senator JAVITS. Therefore, do you feel if we did do something about tightening up our method of procedure on strikes and labor-management relations, that it would have an affirmative effect on the economy in terms of giving us a better opportunity to avoid a recession?

Mr. ECCLES. I certainly do.

Senator JAVITS. I couldn't agree with you more. There are so few people who, it seems to me, flag it quite that sharply, and I am very glad to see you say that.

Would the same thing be true in your opinion—and my time is up—with respect to a better technique in industry for enabling workers to absorb the transition period which automation brings to many of them? For example, there is a great deal of talk in industry now about automation funds, about early retirement, about other means of cushioning the shock upon the individual worker of a more efficient machining of American industry.

Would you feel that, too, falls in the same category?

Mr. ECCLES. Yes, I certainly do. I don't believe you can lay people off and ignore their welfare. I think there must be means provided to take care of those situations, very definitely.

If you can eliminate the job, that assists the entire economy. That can reflect itself in increased production. Our high standard of living is due to the technological development and we must keep it up if we expect to improve our standard of living.

We can eliminate the job, but we can't eliminate the people. They have got to be taken care of. Industry or the Government has to assist, perhaps. There has to be a program created to take care of the displacement of people who are now part of our featherbedding problems in nearly every industry and who are the basis for a lot of these strikes.

Senator JAVITS. I thank you, sir.

Chairman PATMAN. Senator Proxmire.

Senator PROXMIRE. Mr. Eccles, along with the other members of the committee I am delighted and honored to have you here although I find I am in almost complete and total disagreement with everything you said.

I cannot understand how a quickie tax cut can be justified particularly if you are going to sell bonds to the public, as Congressman Curtis brought out so well, absorb all the additional funds that are going into the economy. I cannot see on the basis of all the analysis you have so far why the international payments situation is as serious as you say it is.

I certainly do not agree with compulsory arbitration. I think we can cut foreign aid, but to cut military expenditures abroad now is very hard to justify. Foreign travel restriction, I cannot see how the international payments position justifies that kind of radical action.

Yesterday we had very, very impressive testimony by two distinguished professors both of whom served on the Federal Reserve Board and by one bank vice president, the Harris Bank, Mr. Sprinkel.

In the course of this testimony Mr. Sprinkel made this statement. He said all economic declines—this is on the basis of the Friedman-Meiselman study—all economic declines were preceded by monetary restriction that had reduced growth in the money supply thereby