Rand Corp., studies of the Hudson Institute, all suggest that we face in the last part of the 20th century a tremendous impulse to economic growth through the accelerating technological revolution through which we are passing.

This accelerating technological revolution will certainly require massive investments by private industry in new equipment, in new plants, in skilled manpower, more scientists, more engineers, more technicians.

It will be accompanied by a continuation of the shift away from blue-collar jobs and toward more skilled jobs and superimposed on this great trend, which the experts expect to continue to the year 2000, and further, and that will be acocmpanied by remarkable technological changes that are perhaps as dramatic, if not more dramatic, than those we have seen so far in this country, there is of course the great world struggle in the underdeveloped countries, of keeping pace with production and the growth of the population.

While I think these two massive historic developments may very well require reassessment of national policy, both domestic and foreign, but I think that as far as the short-run problem is concerned that the Vietnamese deescalation should not present as difficult a problem as Korea, even though there may not be pent-up demands resulting from World War II, because I think there are equally strong demands for raising the quality of life in the United States, through private expenditures as well as public expenditures.

Chairman PROXMIRE. Let me ask you at this point: as I understand it, you are relying on two forces to compensate for the absence of a policy of either a very sharp tax cut or expanding the Great Society programs. One is automation. It seems to me that automation could have the reverse effect.

After all, it means that you can accomplish a lot more, produce a lot more, with fewer people. In the last 3 years, well, possibly 1964, 1965, and 1966, we had a massive expansion, as you know, of business investment in plant and equipment. Much of this was to increase the productivity of our economy, and I think it has probably increased very greatly.

Now, automation, I would agree with you, is going to mean innovation, it is going to mean change, and it very well might lead to a greater demand, but only, it seems to me, if there are other monetary policies and tax policies, and spending policies, and so forth.

Mr. MADDEN. I quite agree.

Chairman PROXMIRE. That would tend to encourage it.

Mr. MADDEN. Right. I think that was an argument for a tax cut, when deescalation came, in order to create the demand.

Chairman PROXMIRE. That would tend to encourage it.

Mr. MADDEN. Right, I thought that was an argument for a tax cut when deescalation came, in order to create the demand.

Chairman PROXMIRE. Perhaps I misunderstood you.

Mr. MADDEN. Yes.

Chairman PROXMIRE. Your answer, then, is that we should select the second alternative Professor Leontief proposed, more or less. I beg your pardon—the first alternative. The one of a tax cut in the private sector.