From the spring of 1959 to the spring of 1960, therefore, developments were quite different from those in the comparable period after the spring of 1955. One of the most obvious differences was the development of strong resistance to cost increases as manufacturers were less confident of their ability to pass them on in the form of higher prices. Specifically, strong resistance to demands for increases in wages and fringe benefits in the steel and other industries, as reflected in prolonged work stoppages, resulted in generally smaller increases. Gains in productivity, meanwhile, were as large as or larger than in the earlier period. Salaried employment, which had declined more in the 1957–58 recession than in previous recessions, increased less rapidly than in the 1954–57 expansion. Advances in prices were limited, and wholesale prices of the various groups of industrial commodities were nearly stable.

AFTERNOON SESSION

Chairman Proxmire. The committee will come to order.

I might explain, Mr. Secretary, that we had a very late hearing this morning. It lasted until after 1 o'clock. The result is that the committee members are slow in coming back. We certainly welcome you to this committee and congratulate you as the Acting Secretary of Commerce—do I have the right title?

Mr. Trowbridge. That is right, Mr. Chairman.

Chairman Proxmire. In any case, you have the authority of the office and all. You have a fine statement here. You may go right ahead, and we will be happy to hear you.

Mr. Trowbridge. Thank you very much, Mr. Chairman. With your permission I will submit this statement for the record in its entirety, and in order to save time I would like to just go over some of the high points of the statement.

Chairman Proxmire. Very good. You might indicate the page you are on, to the extent that you skip, and so forth, so I can follow you.

Mr. Trowbridge. Yes; I certainly will.

STATEMENT OF HON. ALEXANDER B. TROWBRIDGE, ACTING SECRETARY OF COMMERCE; ACCOMPANIED BY WILLIAM H. SHAW, ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; EDWARD K. SMITH, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC POLICY; LOUIS J. PARADISO, ASSOCIATE DIRECTOR, OFFICE OF BUSINESS ECONOMICS; AND ROBERT L. McNEILL, DEPUTY ASSISTANT SECRETARY FOR TRADE POLICY, DEPARTMENT OF COMMERCE

Mr. Chairman, I am grateful to be given this opportunity to testify on the Economic Report of the President.

The great value of the Economic Reports and the hearings held upon them as they are transmitted to the Congress has been demonstrated over time. The work of the Council of Economic Advisers and the Joint Economic Committee has become more valuable with each passing year since the enactment of the Employment Act of 1946.

Business, labor, government, and the public at large have come more and more to recognize that we are not at the mercy of inexorable economic forces which propel us from boom to bust and back again. We have obtained an increasing control of economic forces, not by way of direct controls which we have avoided and must continue to avoid, but by use of general fiscal and monetary instruments, and more importantly by understanding how our economy works, where it is, and