

The Chamber of Commerce took the position at that time of opposition to the tax credit, for the reason you mentioned earlier, about the tax credit for education, and proposed instead a permanent change of the structure of the tax system to favor investment.

Now I think one has to face the fact with respect to the growing automation of industry, that it may well be that in considering redistribution for the next 20- to 25-year period, there needs to be an increase in the share of income that goes to profits for these reasons.

First of all, the competition that has developed among the capitalist countries in capital export and import has speeded up the rate of obsolescence of capital equipment. This means that the turnover of capital equipment in industries which are growing extremely rapidly, such as the computer industry, is very high, and this in turn requires more financing in order to keep pace with one's competitors abroad and at home.

A second reason I think for a need to consider profits is that these more complicated, more mechanized machines, leaving aside the question of competition, simply cost more real resources per job than they did 20 years ago. The average investment per job in the most technological industries, like the oil industry, is now around \$100,000 per job, and the average for industry generally—I have to rely on my memory here, so I caution you that these may not be quite accurate—something like \$20,000 to \$25,000 per job.

So it is, it seems to me, reasonable that if one wishes to increase the rate of growth in the economy—which we do wish to do, and I think there is a consensus among us here on that point—and if we do wish to increase the rate of productivity—which is after all the essential basic precondition to rising per capita incomes that benefit not only the 18 million union workers in the country but all the rest of the 56 million nonunion workers in the country—that we will have to consider whether it isn't appropriate in studying the income redistribution for a technological age that an increase in the share of income that goes to profits may be necessary to achieve these desirable goals which we all agree upon, and that this can happen without in any sense a decline in the rate of increase of real wages for workers.

Representative REUSS. Thank you very much.

Chairman PROXMIRE. Thank you, gentlemen, very, very much. This has been a most enlightening and interesting panel and we very much appreciate your testimony.

On Monday, in room 1202, New Senate Office Building, we are going to have Walter Reuther, president of the United Automobile Workers, and George Hagedorn, director of research, National Association of Manufacturers at 10 a.m.

The committee will stand in adjournment until then.

(Whereupon, the committee adjourned until Monday, February 20, 1967, at 10:00 a.m.)