

Mr. HAGEDORN. Thank you, sir.

Chairman PROXMIRE. But, you know when we look in the area of cutting spending, and you fellows don't come up with any specific recommendations, it makes it hard for those of us who are Members of Congress, who have to run for reelection and have to stand or fall on somebody cutting spending—you fellows don't have to worry about that.

Mr. HAGEDORN. I understand your position, Senator. All I can say is that if the NAM were to make a list of the specific things they would like to have cut out of the budget, they would in effect be exhibiting that their priorities are different from somebody else's priorities, and as I said, and it was a very heartfelt statement, there is no formula that anybody can derive that will enable you to put something through a computer and say "This is worthwhile, that isn't worthwhile."

Chairman PROXMIRE. That is what we have got to do.

Mr. HAGEDORN. That is what you have to do.

Chairman PROXMIRE. You have manufacturers in aerospace and they are members of your organization.

Mr. HAGEDORN. That is right.

Mr. PROXMIRE. They don't want to see the space program cut. Maybe they do. I doubt it. You have people who are in the road building and in road construction and who work at producing the materials for these big reclamation projects and I can see why they would be concerned.

But that is the whole trouble, you know, with cutting spending. If we are going to cut it, we have to establish priorities, and if this great organization of American business can't give us any specific advice, it is difficult, as I say, for us to establish the priorities over the President.

Mr. HAGEDORN. I know it is, Senator, and I have to admire you, and I say I am sure you have the courage to do it. But I don't have any set of priorities of my own to offer you.

Chairman PROXMIRE. Let me ask—referring to your very interesting table which Congressman Reuss mentioned before—if you could give us the statistics for 1952 and 1953, 1953 especially? 1952 was a price control year, so that wouldn't be quite as appropriate.

Mr. HAGEDORN. I think you can find that.

Chairman PROXMIRE. I have got your figure for after tax profits of manufacturing corporations as a percent of sales. That particular statistic was one that was not in the council's tables, but the price increase was very interesting. I mean the unemployment rate that year was the lowest we have had since—

Mr. HAGEDORN. That was during the Korean war period.

Chairman PROXMIRE. Well, it was after the Korean war. In 1953 when the Korean war ended, unemployment was 2.9 percent, and the price controls expired in April. Prices rose less than 1 percent. I would be interested to know whether after-tax profits of manufacturers as a percentage of sales were very high. According to your thesis, they should be. I am not so sure they were.

Mr. HAGEDORN. That was also a year of excess profits tax. I believe it was still in effect in that year, reducing the profit margins in that year.