

grams that could be cut and I think everybody is familiar with what these programs are—supersonic jet and other things of this kind, and some fat in the defense expenditure. I feel that we should cut those expenditure programs and really look at these training programs and some of the other poverty programs as highest priority items which should be regarded as absolutely untouchable and scrounge elsewhere.

Representative GRIFFITHS. I want to thank you. My time is up. But I think that we spend a lot of our time trying to stabilize the economy that stabilizes a lot of people out of the mainstream of the economy. This really worries me. I do not think we can ask for stability only. I think this is American and we have to pull these people into this economy.

Mr. CHANDLER. May I make one comment on this?

Chairman PROXMIRE. Yes, Mr. Chandler.

Mr. CHANDLER. I certainly agree with the point of view you are expressing and also the views of my colleague, Professor Modigliani. It seems to me that a stabilizing fiscal and monetary policy, even if we had complete and accurate control of aggregate demand, is not enough in the American economy. We have to find ways of improving the performance of both output markets and labor markets in terms of their response to whatever we do to aggregate demand. We need retraining programs. We need rehabilitation programs. We need to knock down all sorts of barriers to freedom of movement and entry in order to get a more favorable response to whatever the monetary and fiscal policy may be. It would be absolutely marvelous if the markets were purely competitive markets, with high degrees of mobility, and so on, that a lot of us like to think of in perfectly competitive systems. But we do not have them. This is one of the reasons we have serious trade-off problems that Professor Wallich was talking about.

Representative GRIFFITHS. Of course, we stabilize out a whole lot of people, but no matter what we do, we are not going to touch those who are highly organized or those who are in a monopoly. Those programs are not going to touch these things.

Mr. WALLICH. On the boards of companies where I serve this is a No. 1 discussion topic. One encouraging thing is that there seems to be known ways of accomplishing this retreading of people. It is not that one is in front of a blank wall. The personnel experts can tell us it will take this, that, and the other, there will be an attrition ratio of so much, the total cost of the program will be such. If the organization will underwrite this, it is possible to bring into the organization so and so many blacks.

Representative GRIFFITHS. Thank you very much, all of you. Thank you. It was excellent.

Chairman PROXMIRE. Senator Jordan?

Senator JORDAN. Thank you.

I want to commend all of you for your constructive statements and the colloquy you have had with the members of the committee, which has been very instructive to me.

I am going to direct a question to the entire panel and I will call on you, each one, in the order in which you have presented your statements. I am concerned about where we go from here with respect