The Employment Act goals

When the Employment Act of 1946 incorporated economic growth as an objective of national economic policy, therefore, the action was in line with a long American tradition. The emphasis on maximum or full employment in the early history of the act, both before and after enactment into law, occasionally has led to the comment that recent stress on economic growth and price stability as objectives of policy constitutes a change in interpretation of the act's stated goals of "maximum employment, production, and purchasing power" (3).

The act's language and history yield a different view. Section 2 declared it is to be "* * * the continuing policy and responsibility of the Federal Government to use all practicable means * * * to promote maximum employment, production, and purchasing power," with maximum employment clearly stated to involve "* * * creating and maintaining * * * conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work," and, further, these objectives should be accomplished through programs which would "* * * foster and promote free competitive enterprise and the general welfare" (4).

The Employment Act, it should be noted, does not purport to guarantee or assure full employment, an adequate rate of growth, and a stable level of prices. It does commit the Federal Government, in cooperation with other public and private agencies, to "* * * utilize all its plans, functions, and resources" to promote the accomplishment of these objectives.

The Employment Act, as basic enduring statutory law, is general in its statement of these goals or objectives, but it seems clear from the legislative history that supporters of the act did not intend its generalized expression of ultimate or ideal aspirations of a free people to be empty phrases or mere timeless expressions of vague hopes. In fact, under the act, the President is required to submit to the Congress at the beginning of each of its regular sessions an Economic Report which shall set forth "* * * the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy [sec. 2] * * *." Prediction of the future course of the economy in specific quantitative terms was not required, according to one interpretation of section 3(a), though the act does direct that the Economic Report contain a statement of "* * * current and foreseeable trends in the levels of employment, production, and purchasing power * * *." There is an unmistakable mandate, however, for the regular, annual administrative determination of the levels of activity which will give definite and timely meaning to the ideals expressed in section 2 of the act (5).

This annual determination of the specific employment, output, and price levels which would constitute, in the judgment of the President and his advisers, the optimum achievement of the economy for the particular year requires the development of estimates of the economy's potentials for employment, growth, and price performance. Such quantitative economic potentials provide guidelines with which the actual performance of the economy can be compared, revealing directions and magnitudes of improvements needed if national economic objectives are to be achieved.

When estimates of the economy's potential employment and output are computed, however, the result necessarily constitutes measures of