

Representative CURTIS. Would the gentleman yield at that point?

Senator PROXMIRE. I would be happy to yield.

Representative CURTIS. I got the figures for January 1961, February and March, before this revision census data, and we show a similar decline before that element entered in. I don't know the significance, but it does show a 100,000 decline. I think your point on armed services is well taken from the standpoint that they had increased about 300,000, but we still get back to the basic thing of a decline of the labor force in relation to our total population, which I think bears on this economic gap theory.

Senator PROXMIRE. I would like to say this is a neglected area of our whole economic approach. There has been laudatory emphasis on the demand aspects of the situation, but I think too little emphasis on the supply part of the employment equation.

As I analyze your statement, and I think it is a very, very fine one, there is an indication that you feel that the main problem is unemployment. There are other problems of growth and so forth, but unemployment is certainly a nagging and real and vital problem.

It is possible that we can solve this problem entirely in the area of increasing effective demand. I wonder if we can really do so. I can see nothing wrong at all with working constructively on reducing the size of the labor force because I think we can do so without reducing our standard of living and providing greater values for our people.

I am thinking particularly in two areas. One you mentioned, the earlier retirement age and social security from 65 to 62 made a real contribution. Why isn't this good? If people want to retire, can retire earlier, open up jobs for other people, I think this is fine.

Another possibility which has not been developed is to keep our young people in school longer. In the first panel discussion we had here it was emphasized that the most serious problem of unemployment is the people who are young and just entering the labor force. If they can be kept in school, and their remaining in school can be dovetailed with an effective and aggressive vocational program, then you solve the problem of diminishing unemployment and have them at constructive work so when they do enter the labor force they can make a substantial contribution, and a job will be more readily available.

I might conclude this statement with one point, and that is that if it were not for the social security system we have today, and did not have in the thirties, we would today have not 5½ percent of our work force out of work, but probably 14 or 15 percent of our work force out of work, because the 13 or 14 million people on social security, most of them, would have to work so that they would have the income to stay alive. Therefore, it would seem to me that a constructive and limited extension of social security may be another constructive way to cope with this economic problem rather than try to do it entirely with fiscal measures which can take us into a deeper and deeper national debt and aggravate our problems in that direction.

Dr. HELLER. We have been very much concerned about the supply side, particularly the employment problem. We have stressed in earlier testimony and in the annual report of the Council that, side by side with attention to expanding demand and expanding rates of investment and modernization which release labor, it is extremely