Certainly, the factors shown in table 11 are merely illustrative of the fact that a decision in one sphere of economic policy almost inevitably has repercussions in other areas. None of the materials presented here are intended to recommend one possible course of action over another. Rather, the purpose is to help those who will determine or influence economic policy by presenting more formally some of the many factors that may need to be considered.

A limitation to be borne in mind is that any tabulation of this sort, by necessity, does not reveal the often subtle and indirect nature of economic relationships. For example, those Government purchases of goods and services which mainly involve the "purchase" of the services of Government employees are far more public-sector oriented than are Government purchases of standard products, whose price is determined in private markets. There is, indeed, a spectrum of possibilities here. In the case of the defense and space programs the public-sector orientation is pervasive; the private manufacturers often utilize Government-supplied fixed and working capital, producing commodities whose characteristics are determined in advance by the Government, under conditions often specified in Government procurement contracts, and at profit rates subject to subsequent governmental revision.

In other cases, such as in agriculture and mining, the Federal Government can strongly influence the prices of many commodities through its position as a dominant customer. It can also affect the labor costs of business firms by setting wage and other working standards in its contracts and through its position as a major employer of many types of skills.[9]

Many Government purchases, however, do not influence the private sector so strongly. Procurement of conventional office equipment and medical supplies provide common cases in point.

Policy Reactions to Rising Supply of Potential Workers

Another type of future economic choice involves the Nation's policy reaction to the growing potential productive capacity, particularly as indicated by the rising labor force age group. As pointed out earlier, the labor force is projected to grow at a much faster rate during the coming decade than in recent years; the numbers of those in the 18 to 24 age group, whose unemployment rates have been much above average, are anticipated to increase at double the national average. Decisions as to the most desirable methods of responding to the increased potential supply of workers involve also considerations of the different effects each of the approaches would have on other important aspects of the American economy. Again, the effects shown below in table 12 are meant to be illustrative and do not exhaust the possibilities.

[9] Cf., U.S. Congress, Joint Economic Committee, "The Relationship of Prices to Economic Stability and Growth," compendium of papers, Mar. 31, 1958, pp. 529–554; M. L. Weidenbaum, "The Defense-Space Complex: Impact on Whom?" Challenge, April 1965.