

man receive his New York State Equivalency Diploma and have 11 others ready to take their examinations. Although we have lost 6 of the young men from the 17 we had in the program after its shakedown period, we find it encouraging that this number compares almost exactly with turnover among a random sampling of high school graduates hired at about the same time as this group. In the past, turnover among dropouts has, as I pointed out, been higher than that among high school graduates. Of our 6 terminations, one was to enlist in the Armed Forces, two were due to move from New York City, and one was involved in a scrape with the law. It was necessary to terminate two others because they failed to adjust to the requirements of their jobs and were generally performing in an unsatisfactory manner.

We fully expect that the opportunity for full-time employment, and the chance to prepare for and hopefully to pass the Equivalency examination, will start most if not all of this group of young men on the road to becoming successful, productive members of society. From all indications the Equitable and its policyholders, as taxpayers, will benefit from this experiment and the \$700 fee necessary to provide this educational opportunity for each of the young men in this group. At the moment we are in the process of evaluating this project with an eye toward our future plans.

As I mentioned earlier, the Equitable's concern with youth employment, while reflected in our program to employ the dropout, was also the subject of an address given by our Chairman, James F. Oates, Jr., before the Harvard Business Association in June 1964. I think Mr. Oates' own words best state his concern and commitment to finding possible solutions to this problem. To quote from his talk:

"... let me remind you again of the very special character of our national unemployment problem. It has a hard core, and this hard core presents unique and most disturbing features. I refer to the fact that a very substantial percentage of the unemployed today are young people, teenagers. These young people are a vital national resource. Their lives lie in front of them. If their problems are not effectively dealt with, whole lifetimes will be lost in idleness and bitterness, with corrosive long-term effects on our economic and social structure. Consequently, the problem of the untrained, unskilled, unemployed teenager requires special study and profound reflection."

Mr. Oates went on to disagree with those who feel a substantial segment of these teenagers are permanently unemployable and to suggest that bold new avenues must be explored, including those that might appear novel and startling.

Mr. Oates noted the relationship between minimum wage laws and youth employment:

"Each time the minimum wage rate is raised to a higher level or its application is extended to cover additional job classifications, businessmen are given a financial incentive to eliminate jobs. They are stimulated and challenged to cut out services or to substitute machines in order to help keep their price structure competitive and to maintain the profitability of their business enterprises."

He mentioned that the unfortunate aspect of this situation is that, "this powerful negative incentive must result in denying job opportunities to many people, particularly the unskilled, untrained, young workers."

By no means was Mr. Oates suggesting the repeal of the minimum wage laws, but only drawing attention to the fact that if his fears were well founded, "we have unwittingly brought about the elimination of jobs in precisely those unskilled categories in which our unemployed labor force is expanding..." Mr. Oates asked that measures be explored, "to ensure that the burden of these laws shall not fall entirely on one harassed and desperate minority—the unemployed youth."

Mr. Oates saw a number of alternatives to dealing with the problem of unemployed youth. Among them were provisions for a payment by the Government of a proportion of wages necessary to cover the differential between labor's true economic value and the minimum legal rates. He expressed confidence that the American businessman would be able, given access to a supply of labor, priced at its true economic value, to quickly devise ways of using it effectively.

Obviously Mr. Oates' suggestions, made in 1964, are similar to Title IV of H.R. 10682 covering the Industry Youth Corps.

Actually Mr. Oates, and those at the Equitable who had devoted significant amounts of time to studying this question, saw at that time two possible methods that could be used to encourage employment of marginal labor—one being a federal income tax incentive, and the other a direct payroll subsidy. Mr. Oates