

research on the impact of payroll taxes being carried on at the Brookings Institution and elsewhere.

Question: What is the reason for the increase in unemployment among young Negroes in 1965 and 1966?

Answer: A recent study published by the Department of Labor (*Negroes in the United States: Their Economic and Social Situation*, Bulletin 1551, June 1966) analyzes the problem as follows:

"Unemployment rates are especially high for all youths. When the disadvantages of inexperience and limited training are compounded by the results of discrimination and impoverishment, the barriers to employment become formidable.

"Nonwhite graduates do less well than white graduates in getting and keeping a job. They earn less than white youths who have left school before graduation. More of them begin in the lowest status jobs.

"Thus, the advantages of education to nonwhite youths are barely beginning to make themselves felt in the job market. . . . Clearly nonwhite youths are preparing for today's jobs faster than existing practices are changing to absorb them."

Question: What employment has resulted from the Vietnam war and what will be our problems if we shift from war to peace?

Answer: The Department of Health, Education, and Welfare has not made estimates of the extent of employment resulting from expanded national defense activities. We have conferred with the Department of Defense and understand that they have a report on the economic impact of defense programs in preparation. This Department has in the past worked with the Disarmament Agency on policies that would ease the transition from substantial defense activities to peace-time activities.

Representative CURTIS. I want to interrogate you specifically on an item that is right before Congress and does come within the purview of this committee; namely, the social security trust fund. Secretary Fowler testified before the Ways and Means Committee that if Congress didn't give the administration its increase in the debt ceiling, that the payments out of the social security fund to social security beneficiaries would be cut back.

I, in cross-examining him, said I couldn't understand this. The social security trust fund is a contingent fund, and it is for the very purpose of taking care of contingencies so there would be no hiatus in the payment of benefits.

Then the Secretary went on in his testimony to talk about how this fund was not really liquid, so that you could immediately convert it to cash. He said there would be delays.

Well, this comes to the question whether, as I had thought, we looked upon this fund as a contingent fund in a liquid state. I would like to be reassured about this: That the social security fund is liquid, and would be available to take care of this kind of contingency. Therefore, I hope that you are going to say that the Secretary of the Treasury was uninformed on this point. Would you comment?

Mr. COHEN. Yes. Let me say first that I would certainly hope, whatever the technical financing problems of the Treasury Department are, that the day would never come when the social security beneficiaries wouldn't receive their checks on time.

Representative CURTIS. That is right. We all hope that.

Mr. COHEN. Yes, of course.

Representative CURTIS. But the point is, what is the debt ceiling argument?

Mr. COHEN. Yes.

Representative CURTIS. Which is a serious argument on its own merits.

Mr. COHEN. Yes.