They say that in order to maintain utilization of our resources with 4-percent unemployment, with roughly 85- to 90-percent utilization of our plant and equipment, we need a 4½-percent growth rate. Are they too high in your judgment?

Mr. BURNS. I haven't examined their estimates, and I can't say, but I would merely express an opinion.

In projections of this character, you make assumptions first about the increase in the size of the labor force, then of potential man-hours. It is easy to go wrong in projections of this kind.

Second, you make assumptions about the rate of improvement in output per man-hour, and you can even more easily go wrong in assumptions concerning this magnitude.

The difference between a 4-percent rate of growth and a 4½-percent rate of growth in actual experience over a term of years will be significant, but I don't believe that the art of estimation as now practiced by economists is sufficiently refined to justify a quarrel between you and me about this one-half of 1 percent.

Chairman PROXMIRE. I am certainly not quarreling with you. I simply want to get your opinion.

Mr. BURNS. I understand. From my viewpoint, these are roughly equivalent estimates, the art of economic estimation being what it is.

Chairman PROXMIRE. Then what we should do, I take it, is keep our eye on price stability. If we can maintain price stability, press for the highest growth we can get consistent with price stability.

As I understand it, one of the best ways, perhaps the best way, to break through the structural unemployment, the so-called unemployables, is to have a constant situation of pressure against our manpower resources.

This will persuade private industry to hire and train people who are in minority groups, who are teenagers, who are inexperienced, and in doing this, won't this have a salutory effect in diminishing the rate, the unemployment rate, which we have consistent with price stability?

Mr. BURNS. Definitely. We talk a great deal about antipoverty programs, but this is the basic way of reducing poverty. That is the way in which we have reduced poverty in the past, and it is the basic path to the reduction of poverty in the future.

Let's strive for full employment. Let's strive for a high rate of improvement in output per man-hour. This means that we must have a good business climate. We will not have full employment and a rapidly improving productivity in the absence of a good business climate. Beyond that, yes, let's do what we can, within the limits of prudence and of our resources, to look after poor people.

Chairman PROXMIRE. Now, on the investment credit, doesn't it have a great weakness if it is used as a stabilizing instrument instead of an instrument to persuade American business to renovate their equipment in this sense, and this was the point raised by the Secretary of the Treasury himself and well-documented by him.

There is an enormous lag between the reaction of business to a change in the investment credit, and the effect that it has on employment and business investment, and so forth.

I think he estimated that it took on the average 12 months or more between the time an order was placed and the equipment was de-