

Representative WIDNALL. Thank you, Mr. Chairman. Professor Hansen, what is the main difference between the computation of unemployment in Great Britain and over here? You say there it is 2 percent compared to our 3 percent.

Mr. HANSEN. Well, there is one difference. We include for youths anybody who is seeking work and is not employed. In England, it is not counted until a young person has already held a job.

Now, you might think that that makes a terrific difference, but it doesn't make as much as you might suppose, because in England it has been so easy for youths to get a job that very soon they do get on the payroll and are counted, if they are unemployed, so that the difference is not as great as you might suppose. But that is one difference that I happen to think of right now. Can you add to that, Paul?

Mr. McCracken. Well, there are several factors, though I am not an expert in this field. At least in some of the countries I think unemployment is measured according to the number of people registered at the employment offices, rather than being based on surveys.

There are several definitional differences, but even after you allow as best you can for these, there is no question but what unemployment rates in the United States have been substantially higher than in Europe.

Representative WIDNALL. I would like to ask you both several questions. The first one is, What is your attitude toward the plans such as the negative income tax, which would guarantee a minimum income for all Americans?

Mr. HANSEN. My position would be this. I would not object to a negative income tax for employed workers. I underline "employed." It amounts to kind of a subsidy to their private employers, to employ people that are not very efficient, and so I would start with that. I would not be opposed to a negative income tax for employed workers.

Then we have all the unemployed, who are really to a certain extent, unemployable. They don't have the training that the market demands. So that my second point would be a big program of training and retraining.

Take a country like Sweden. They have full employment all the time. Yet they engage continuously in a big program of training and retraining all the time to keep the supply of labor in line with the demand for labor, I mean now, structurally in terms of the kind of labor that is needed. I think we need a much bigger program of training.

Then, No. 3, I would make the Government the employer of last resort, for example, the CCC and whatnot, so that you would have instead of a guaranteed annual wage without work, which I would be opposed to, you would have a retraining which would get more people into employment, and finally, employment by the Government as the employer of last resort for people that can't fit into the market.

Now then, those people should, as much as possible, be shifted as rapidly as possible into retraining programs. On this point, let me add a word to what we were discussing a moment ago.

If we have an adequate retraining program, we can achieve a much lower rate of unemployment without inflationary pressures.

A major reason why the United States is up against inflationary pressures, at even an unemployment rate of 4 percent, and European