THE FULL EMPLOYMENT GOAL

Full employment is the top-priority goal of organized labor. As a result, we are disturbed by the CEA's apparent acceptance of a 4-percent unemployment rate as achievement of its objective.

In 1962, the Economic Report defined a 4-percent rate of unemployment as a temporary goal and set a specific date for its achievement. It declared:

> We cannot afford to settle for any prescribed level of unemployment. But for working purposes we view a 4 per cent unemployment rate as a temporary target. It can be achieved in 1963, if appropriate fiscal, monetary, and other policies are used. The achievable rate can be lowered still further by effective policies to help the labor force acquire the skills and mobility appropriate to a changing economy.

In 1963, the Council of Economic Advisers' Annual Report again defined a 4-percent rate as an interim target. This time, however, it dropped the target date. It said:

> Success in a combined policy of strengthening demand and adapting manpower supplies to evolving needs would enable us to achieve an interim objective of 4 per cent unemployment and permit us to push beyond it in a setting of reasonable price stability * * *. However, an unemployment rate of 4 per cent is an unacceptable target. Therefore, we must expand the various programs that would assist us in pushing below it.

In the next two reports, 4 percent was reaffirmed as an interim target, but its achievement was again left for some indefinite future. The following year, the Council grew even more restrained. It called for "prudent * * * reduction in the unemployment rate to a level below 4 percent" and "a cautious move toward lower unemployment * * *."

In this year's report, the evolution seems to have become virtually complete. With the exception of one reference to the undesirability of making 4 percent unemployment a "permanent objective of U.S. economic policy," the report contains frequent statements (including one in the opening paragraph) about the attainment of "essentially full employment" in 1966.

We regard this transformation as most disturbing. I concede that a plausible argument might have been made for the thesis that a 5½-percent rate of real growth, the average rate of the past 3 years, was undesirable in 1967, because it could lead to an excessive rise in prices; and that it would be wise to whittle away at unemployment, in 1967, at a somewhat slower pace. But, instead, the CEA seems to have given up—at least for the time being.

Full employment, in the context of American society, and the American labor market, is considerably less than a 4-percent unemployment rate—which in the past year has been accomplished by very high levels of joblessness for Negroes, youngsters, and unskilled workers.

In his report, President Johnson states:

> Nearly 3 million workers were without jobs at the end of 1966. Perhaps two-thirds of them were "frictionally" unemployed: new entrants to the labor force in the process of locating a job; persons who quit one job to seek another; workers in the "off" months of seasonal industries; those temporarity laid off but with instructions to return.

The President's comment indicates that full employment, in terms of American life, would be a jobless rate of about 2½ percent of the