

Representative RUMSFELD. I see.

Mr. GOLDFINGER. It was business and wealthy families and investors who received the lion's share of the benefits of the expansion in recent years.

Representative RUMSFELD. Let me turn my first question around and ask it with respect to human investment. How do you evaluate the contribution of public training programs toward reducing unemployment? Do you look with favor, for example, on a tax credit for business investment in additional worker training?

Mr. GOLDFINGER. No; I do not think that a tax credit to business for training is necessary. Training expenses of business are now accounted for as a cost of doing business. I see no reason to give business an additional bonanza, and shift income distribution again in favor of business and away from the rest of the population for things which business is already doing to some extent and should be doing.

Representative RUMSFELD. Do you feel that business investment for the training of people, so that they can develop the skills that they will need to become employable would shift it away from the rest of the population?

Mr. GOLDFINGER. Yes, because such a tax credit is another loophole added onto the vast number of loopholes in the tax structure which add to the income of business. This proposal is, as I see it, an additional business subsidy.

Representative RUMSFELD. And yet you indicated your sentiment which I share, of a general dissatisfaction with the Council's seeming acceptance of a 4-percent unemployment rate, correct?

Mr. GOLDFINGER. Yes, absolutely.

Representative RUMSFELD. I certainly share this. It seems to me that one of the ways we can come to grips with this problem is to try to stimulate the private sector to undertake greater training of individuals that apparently the business sector, the private sector, today feels is not economically feasible.

Mr. GOLDFINGER. In my opinion, sir, the greatest incentive to business for training is a high level of demand for labor. When labor markets get tight, companies increase and improve their training programs on their own.

They have been doing this throughout American history. I see no reason for any kind of direct subsidy. I do think that there are problems —

Representative RUMSFELD. The point is that throughout American history we have not been able to really come to grips with the problems of structural unemployment and the hard-core unemployed, the very group that you were expressing concern about in your statement, and it seems to me that this proposal has the advantage that throughout history we have not had it, and we still have this hard-core group, and if we are going to really come to grips with it certainly this proposal might be an approach to solving the problem.

Mr. GOLDFINGER. Well, I fail to see why a subsidy for business is necessary to solve the problem.

Representative RUMSFELD. The fact that we have never done it before isn't a very good answer to why we shouldn't do it now, I don't think.

Mr. GOLDFINGER. The important thing is that a subsidy is involved for things which business is already doing. Business is training peo-