

ple, and as the labor market gets tight, business training of personnel increases. I think that the best incentive, the soundest incentive, for the training of people arises from tight labor markets and the rising demand for goods and services.

Furthermore, we do have a program, a Federal Government program, of training workers.

Representative RUMSFELD. And it is a good one.

Mr. GOLDFINGER. It is a good one. It is moving ahead slowly, but fairly surely.

Representative RUMSFELD. And it not solving the problem.

Mr. GOLDFINGER. Well, this is a serious problem.

Representative RUMSFELD. I favor vocational education. I favor manpower training and development. But we still have this basic fact that you and I and a great many people in this country are concerned that we still have a continuing level of hard-core unemployed.

Mr. GOLDFINGER. Well, one way to solve the problem of hard-core unemployment, an essential way, is to increase the demand for employment. You don't increase the demand for employment simply by training people.

You can have 100,000 trained Ph. D's and if there is no demand for Ph. D's, they may remain unemployed. I mean the education system—

Representative RUMSFELD. Are you suggesting that the fact that these people lack skills is not one of the reasons they are unemployed?

Mr. GOLDFINGER. I am suggesting that at the current level of economic activity, you may be able to redistribute unemployment through retraining alone. However, it's a game of musical chairs. You would still wind up pretty much at the same level of unemployment as we have today. The way to reduce unemployment primarily is to increase jobs.

Certainly there is an underlying need for increased education, which is a longrun process. Certainly there is a continuing need for training and for improving skills and for upgrading. But the basic need is to increase jobs. That is the way to increase employment and to reduce unemployment.

And I would suggest, sir, that this is the best incentive to private business.

Representative RUMSFELD. I am glad to have your comments. My time is up. Mr. Chairman, I would like to just make one closing comment. President Johnson has proposed that the Department of Commerce and the Department of Labor be merged. And I would be curious to know if Dr. Madden of the Chamber of Commerce and Mr. Goldfinger of the AFL-CIO would anticipate, in the event this merger does in fact occur, that you two gentlemen would be coming before congressional committees in the future with a merged statement?

Mr. GOLDFINGER. Much as I like Dr. Madden as a friend, I hope not. Chairman PROXMIRE. Congressman Reuss?

Representative REUSS. Mr. Chairman, I was fascinated by your attempt to bring about a great consensus among the three very able witnesses from labor, business, and the banking community, and I think you had established from all three of our witnesses that not one of them would favor the Congress now enacting a 6-percent across-the-board surtax on individual and corporate income effective July 1.