In terms of the employment impact, up to February 1 most retail workers were not protected by the minimum wage—by the Federal minimum wage law. The same is true of hotels, restaurants, motels, and so forth. The services were excluded from coverage until February 1, overwhelmingly so.

These are the areas traditionally in which the first job opportunities of youngsters and unskilled workers occur, and yet during this period when the Fair Labor Standards Act excluded all of these areas from the coverage of the Fair Labor Standards Act, we had high and rising levels of teenage unemployment, high and rising levels of Negro unemployment, high and rising levels of unemployment among the unskilled and low educated people.

I do not believe, and I deny that there is any evidence whatsoever that Dr. Madden or anybody else can provide to show that the minimum wage has been a factor here. Moreover, the Labor Department studies of the effect of previous increases in the minimum wage law do not indicate any substantial or even significant disemployment impact except in a few scattered spots; they indicate instead, that the overall impact has been beneficial.

Furthermore, the investment in human resources in the form of education and training should go on and should be expanded. But this means increased Government outlays, which we support and the business community opposes.

Also, I was "fascinated" by the proposal for subsidizing private vocational schools when the basic problem is modernizing and expanding existing public vocational education, which is a key part of our entire educational system.

Chairman Proxmire. Congressman Reuss?

Representative Reuss. I will be very brief, Mr. Chairman. I know the hour is late and our consensus seems to be falling apart. These questions will be addressed just to you, Dr. Madden.

First, on the subject that you were discussing with the chairman—vocational training—which we all agree is vitally important, I don't have any particular difficulties and the problem that under appropriate circumstances it may be all right for the Government to subsidize private industry and proprietary vocational schools, if they can do the best job for a dollar in a particular case in vocational training.

However, I would be quite clear that the way to do this, if it is deemed wise to do it, is by an open subsidy payment, not by riddling the income tax system with further exemptions, deductions, and other holes. You would agree with that, wouldn't you?

Mr. Madden. The Chamber of Commerce agrees with that, not only with respect to these credits but indeed also with respect to its opposition originally to the investment tax credit.

Representative Reuss. Let me pass on to the last subject I have and that is to invite your comment on the suggestion that has been made here that there are disequilibria in the income structure of the country, which may now be producing oversaving in the sense that either the savings go into plant and equipment over and beyond any conceivable needs of the economy, a horn of the proposition that I don't particularly agree with, or more importantly, that it goes into bank accounts and other investment overseas which could produce a falling off in demand with harmful consequences to the economy. I