and it will place a disproportionate burden of the tragic cost of unemployment upon the youth of America and on minority groups.

We believe that we must move forward with courage and with deep national commitment to provide every American able and willing to work a socially meaningful and rewarding job. Until that is possible, until every American has that opportunity, this goal ought to be one of the top priority items on our agenda.

I would like to urge Congress to give serious consideration to the unanimous recommendation of the Automation Commission, which I had the privilege of serving on. That commission, composed of industry representatives, labor, and people from the academic community, after a year of intensive study, recommended that the Federal Government be the employer of last resort, if market forces fail to create employment opportunity for all who are able and willing to work.

We pointed out that there were more than 5 million potential jobs available in public service employment, if we were to do the things that need doing in American society.

As we come together this morning, I am deeply concerned about what we believe to be some very serious soft spots developing in the American economy. We all know that the housing industry has been in a depression. There are serious layoffs in the automotive industry. Capital expenditures are tapering off. The decline in durable goods orders is very significant. And there is an excessive inventory buildup. I think it has increased approximately $16 billion during the last quarter, and in the face of these uncertainties, it is our judgment, Mr. Chairman, that a tax increase at this time would not be justified.

We have no assurance that a tax increase, in the face of these economic developments, will yield greater revenue. In the 1958–59 fiscal period, Mr. George Humphrey was so obsessed with balancing the budget that he unbalanced both the economy and the budget and we wound up in that period with a $12.4 billion deficit, the largest peacetime deficit in the history of America, with unemployment as high as 7.5 percent and averaging 6.2 percent for the fiscal years.

And so we have no assurance that a tax increase will yield greater revenue, if it compounds negative forces that may reduce the overall level of economic activity.

We would recommend instead that the Congress give the President discretionary authority on the tax front, and that the President then use that authority based upon the economic developments as they evolve. If the economy grows stronger and these weak spots are overcome, then one course of action may be justified. If, on the other hand, you have a compounding of these weaknesses, then another course of action would be suggested.

We have not yet found a satisfactory answer to the basic question: How does a free society go about achieving the purposes of the Employment Act of 1946, achieving maximum employment, maximum production, and maximum purchasing power within the framework of a stable price structure?

In Europe they have done a better job on the employment front, at the cost of a great degree of price instability. We have had the greatest stability in our price structure, but we have paid a tragic price in intolerable levels of unemployment.