be in conflict with the intent of the Employment Act, would inflict needless hardship on the families of the unemployed, would intensify racial friction, and would waste in idleness human and material resources that can help to build the Great Society.

Employment target for 1967

At the very least, selective measures of the type urged above would substantially lower the threshold level of unemployment beyond which expansionary fiscal and monetary policies would tend to raise the price level. The degree to which that threshold would be lowered depends upon the imagination and determination brought to bear in devising and applying the selective measures. No precise figure can therefore be suggested as to the unemployment rate that would be attainable with reasonably stable prices within any given time span. But that should not prevent us from setting a target rate and designing policies to achieve it. The 4 percent "interim" goal was determined through something less than rigorous application of scientific method. Comparably rough-and-ready methods can be used now to set the next target.

The economy has now had a year to make the adaptations associated with an unemployment rate averaging less than 4 percent. The recent abatement in the rate of price increases shows that those adaptations have largely been made. The argument that growth was proceeding too fast no longer applies. Real growth from the fourth quarter of 1965 to the same qurater of 1966 was only 4.1 percent. In addition, we now have the benefit of several years' operations—although not on as large a scale as would have been desirable—of the manpower and toher programs that were initiated for the purpose of making it possible to reduce unemployment below 4 percent without generating inflationary pressures. It should therefore be feasible now to move below the 3.7 percent rate reached in January 1967 even without use of selective anti-inflationary tools. It is not unreasonable—in fact, it is probably overly conservative—to suggest that application of even a few of such tools would make a 3 percent unemployment rate consistent with reasonable price stability sometime between the end of this year and mid-1968. It is pertinent in this connection that, when the mid-1963 deadline was set for the 4 percent "interim" goal, the latest unemployment figure available was 6.1 percent, which reflected a sharp reduction from a 6.8 percent rate only two months earlier.

Starting from a higher level, it is true, made reduction of unemployment considerably easier in 1962 than at present. But the 0.7 percentage point further reduction envisioned by the proposed 3 percent goal is only a third as large as the 2.1 percentage point objective set in 1962 and is premised upon the use of more refined, selective measures than the gross fiscal and monetary policies that were sufficient under 1962 conditions.

On behalf of the IUD and the UAW, I strongly urge this Committee, in accordance with the spirit and intent of the Employment Act, to *recommend that the government "coordinate and utilize all its plans, fuctions, and resources" to reduce* unemployment to no more than 3 percent by the end of this year or by mid-1968 at the latest.

Tax revenues would obviously be greater with the economy on the road to reasonbly prompt attainment of a 3 percent unemployment rate than they would be with unemployment at present levels. The added revenues, of themselves, would provide more funds for financing of Great Society programs—but still short of amounts that should be provided for that purpose. *It is therefore the position of the IUD and the UAW that, within the framework of an overall fiscal policy aimed at further significant reduction of unemployment, we would wholeheartedly support equitable tax increases designed to divert substantial additional resources to Great Society programs.*

EMPLOYER OF LAST RESORT

Even a 3 percent unemployment rate would be only a way station on the road to full employment. It would fall far short of fulfilling the commitment of the Employment Act to provide "useful employment opportunities for all those able, willing, and seeking to work."

As the Automation Commission noted, use of expansionary fiscal and monetary policy to reduce unemployment helps those among the unemployed who are most attractive to employers—in terms of education and training and, all too frequently, also in terms of age, sex, color, and religion. Until we have raised demand sufficiently to push unemployment down to the irreducible frictional