

minimum, there will remain the problem of fulfilling the promise of the Employment Act for those least able to compete in the labor market.

Their number will be smaller if we continue the progress thus far made in reducing unemployment; it will be greater if Congress accepts the standstill employment policies advocated by the Council of Economic Advisers. But, in either case, it will be all too large for some time to come. In either case, the individuals involved should not be permitted to suffer the demoralizing hardships of unemployment nor should the nation suffer the loss of their potential contribution to its wealth.

The Automation Commission proposed a way to provide such persons with productive employment without risking the inflationary pressures that might arise if gross fiscal and monetary measures were used for that purpose. It recommended a program of public service employment under which the government would act as "employer of last resort" for those able to work but otherwise unable to find work. The Commission estimated that there was a potential of 5.3 million jobs in six areas of the economy "where important social needs are now inadequately met, if indeed they are met at all." The areas of need covered by the Commission's estimate are medical institutions and health services, educational institutions, national beautification, welfare and home care, public protection, and urban renewal and sanitation. To this list we could add programs to eliminate air and water pollution.

To permit those needs to go unmet while unemployed workers able to meet them search vainly for work is both immoral and senseless.

Jobs can be provided for the unemployed by the government as employer of last resort without generating inflationary pressures. I urge this Committee to give serious consideration to legislation that would implement the unanimous recommendation of the Automation Commission to establish the government as the employer of last resort.

TAX SHARING AND SOCIAL RESPONSIBILITY

If we are to move more effectively under our federal system to meet urgent human needs, it will be necessary to give more substance to the flexible, pragmatic, creative Federalism which President Johnson advocates. One of the most urgent problems in this whole area is that of ways and means by which the federal government should assist the states and local units of government, most of which are burdened by social responsibilities which they are far from being able to meet without federal assistance.

The President's approach to this question, as defined in his State of the Union and Budget messages, calls for evolution of the federal system. He emphasizes that the grant-in-aid programs, through which federal assistance to the states and local governments is now channeled, are evolving in order more effectively to meet state and local needs, and that this evolution will continue. This evidence of the adaptability of the grant-in-aid approach and of the Administration's intention to improve such programs deserves more attention than it is getting from advocates of other forms of tax sharing which would involve, as some put it, "a minimum of strings attached" as to how states would spend federal revenues.

The President states in his Budget message:

"At the national level the Federal Government has a responsibility to examine and improve the grant-in-aid system, making it more flexible and responsive to State and local fiscal realities. Last year we began a new partnership in health programs through which numerous separate grant programs are being brought together. The model cities legislation enacted last year will also help to integrate the wide range of Federal aids available to communities. In the coming year we will examine other areas of Federal aid to determine whether additional categorical grants can be combined to form a more effective tool for intergovernmental cooperation."

Here, then, is a primary element neglected by the opponents of grants-in-aid: the flexibility of the grants-in-aid approach.

Another weakness in the case of grant-in-aid opponents is their studied myopia with respect to governmental inefficiencies at the state and local levels, inefficiencies which argue against the proposition that these units of government can at the present time effectively use federal funds in the absence of federal guidelines and standards. In his State of the Union message, President Johnson declares:

"Each State, county and city needs to examine its capacity for government in today's world. Some will need to reorganize and reshape their methods of ad-