

able. At such times, these persons are considered neither as employed nor unemployed, and are not counted in the labor force. When job opportunities improve, they enter the labor force, seeking and frequently finding jobs. The evidence of 1966 suggests that nearly 500,000 of "hidden unemployed" or "discouraged workers" entered the labor force.

The Economic Report then adds that:

Probably, additional workers, who did not respond fully to improved job opportunities last year, will enter the labor market if it remains buoyant.

However, if, as seems most probable, the decline in hidden unemployment was made possible only by a decline in general, measured rates of unemployment, then acceptance of the present level of unemployment implies a most disheartening consequence, nothing less than halting the flow into employment both of persons now officially defined as out of work and those who belong to the hidden unemployed.

I suggest that we are not quite as devoid of social invention or of resources as to be unable to do something, partly for the unemployed who remain and partly for the 32.7 million individuals partially coincident with the unemployed, who are defined currently as members of the poverty stricken. And I summarize my own policy preferences, which I regard also as economic possibilities, whether or not they are political possibilities is a rather different question, under these headings.

First. In the first half of the year we should continue to ease credit and supply a modicum of fiscal stimulus to an economy which, the defense sector aside, is displaying some serious weaknesses. We should in the second half of the year raise taxes but primarily to finance at adequate levels Great Society programs and desirable further innovations which I shall specify under the third and fourth headings.

Second. We should finance at least at the levels authorized by the 89th Congress, model cities, rent supplements, Teachers' Corps, education, and poverty programs.

Third. Whether income supplements take the shape of family support allotments or a negative income tax, we should make a start more substantial than the appointment of a presidential commission toward the replacement of the present patchwork of public assistance formulae by a rational and human system of general assistance to the poor.

Fourth. We can afford at least to begin in another area, that of public service employment, with the Federal Government as the employer of last resort. The report last year of the National Commission on Technology, Automation, and Economic Progress estimates that \$2 billion might finance 500,000 public service jobs.

Let me say a word of amplification, particularly about the third and fourth of the points that I make. The decision to alter tax rates ought to rest very substantially upon how generously we fund Great Society programs and what progress we make toward the actualization of the two ideas whose time will surely come. That is to say, income maintenance and residual public employment.

I suggest somewhat optimistically conceivably, that most of Great Society programs enacted in recent years have won a measure of public acceptance, or at least are on the way to such acceptance, and that the new thrust of public policy in the immediate future is probably