

the difficulties in the economy, I don't see how at the same time you can say we should adopt policies that are going to make it a little sicker.

Mr. BACKMAN. Let me make this clear, Mr. Chairman. I don't think the economy is sick.

Chairman PROXMIRE. Maybe that is too strong a word, I would agree, but if you say that the economy is one which is tired—

Mr. BACKMAN. Yes, it is tired, it is advancing a little more slowly, and I think it should move along a little more slowly than it has. I am not concerned about the adverse impact of a tax rise on the economy to the same degree that you suggest you are concerned. I am concerned about that as only one factor, but I am also concerned about creating tinder boxes of inflation for which we must pay tomorrow.

Chairman PROXMIRE. Yes, but have we inflationary tinder boxes, or are we creating under present circumstances, when the pressure on prices seems to have abated from the overall demand situation, and when you have a real tinder box of a different kind? You have very heavy unemployment right now among minority groups. You have a situation in our cities where Negro teenagers, for example, are looking for work in large numbers.

You have a situation that has been documented again and again by the Secretary of Labor and by many other economists, showing that where you have pressure to hire people, because the economy is growing and developing and moving ahead, that under these circumstances, business is going to find ways of finding jobs for these minority groups, these people who are out of work.

Mr. BACKMAN. This is both true and false.

Chairman PROXMIRE. It is true in the sense that it has worked in the past, isn't that right, and it is also true in the sense that if the economy is not growing and unemployment is increasing, you are going to have a situation in our cities that this summer it could be really explosive.

Mr. BACKMAN. In the first half of 1966, despite an economy rising at a rate that could not be sustained, we still had 7 or 8 percent unemployment among these minority groups because it was impossible to absorb all of the unemployed merely by expanding the economy. At the same time there were major shortages of skilled workers. This is the area where retraining and education are so important.

Chairman PROXMIRE. Yes, but the area of retraining and education is something that the Government does maybe 5 or 10 percent of and private industry does maybe 90 to 95 percent of and private industry isn't going to do it unless they have a market to do it.

Mr. BACKMAN. But if we follow through completely on that suggestion, Senator Proxmire, last year, instead of having the great pressures we had, we would have probably blown the roof off of the economy in an effort to really pull the unemployment figure down much further.

Chairman PROXMIRE. It depends upon what time last year you are talking about.

Mr. BACKMAN. Let's talk about the early part.

Chairman PROXMIRE. I think you are right; if you are talking about the latter half of the year I don't think you are right. In talking