

tween the degree of price stability on the one side, and the amount of slack resources on the other side. But even if there were that direct correlation, it is in my view monstrous to argue in effect that millions of breadwinners and their families should bear the curse of unemployment in order that the comfortable, the affluent, and the rich may be insured against the small marginal price advance at most which might be attributed to efforts to bring about a lower level of unemployment. Surely, we have reached the state of economic knowledge and social conscience where we can find fairer ways than this, and more workable ways, of combating inflation.

In any event, the conclusion of the Council on the first page of this chapter that 4-percent unemployment is some magical figure, in that lower employment would ineluctably bring more price inflation, is a declaratory judgment unsupported by evidence. As I have indicated earlier, we faced the so-called paradox of very substantial price inflation during the 1957-58 recession, when full-time unemployment rose to almost 7 percent.

The unwarranted bias of the Council on this subject is illustrated on page 100 of this chapter, when it combines the statement that any involuntary unemployment is too much with the statement that the overwhelming majority of Americans would also say that any rise in prices is too much. This really smacks of the disingenuous, because the Council knows that any rise in price may not be too much, if related to over valid objectives, and the Council also knows that nobody is arguing for eliminating all involuntary unemployment.

Deficiencies in Council's analysis of unemployment problem

The Council argues that the current unemployment is structural, or due to a failure of the unemployed to match actual job requirements, rather than being due to deficiencies in aggregate demand. This is a far step backward from the Council's earlier position.

The new position is entirely unsound. In the first place, World War II experience showed conclusively that recognition by the Nation of the need to utilize the product of practically the entire labor force led quickly to useful employment of those who somewhat earlier were deemed structurally unfit. In the second place, analysis of the differences in personal characteristics and capabilities between the employed and the unemployed, when total unemployment is too high, does more to explain why certain people have been selected for unemployment than to explain the too high level of unemployment. It stands to reason, in an efficient industrial system, that those with relatively lesser qualifications will be denied employment before those with relatively higher qualifications. If the full-time unemployment rate rose from 4 to 8 percent, the additional unemployment would strike those less qualified than those who remained employed. This might help to explain why they were selected for unemployment; it should not be used to justify or rationalize the unemployment.

In the third place, and most important of all, no matter what may be the personal characteristics of the unemployed, and no matter what may be the best ways to get them employed, it is nonetheless true that no unemployed person can become employed (without taking a job away from someone else) without additional money being spent to employ this person. And as total spending equates with GNP, additional employment requires more aggregate demand; that is, a