

do we really owe this to these people, is their contribution to society of such magnitude that we owe them this?

Maybe it would be better to worry about the teachers in the central city.

Mr. HARRISS. Yes.

Here, however, I think we do better to think, not in terms of what is to be done in August 1967 so much as taking a longer view. But you are quite correct, I think, about the implications of large bargaining power in a few big employers and unions.

But General Motors is only one corporation.

Representative GRIFFITHS. That is right. But at least in this area this could happen.

You will recall when the excise tax went out of the House it went over to the Senate, and the Senate promptly offered them the whole thing back for a few safety devices.

Mr. KEGAN. May I turn to a question that Representative Reuss raised on this problem of projections, and the fact that there were always these unknowns, and probably they were understated?

The deliberate reason that CED took it, it is not simply that it says you should separate the three factors, agree on population, and agree on whatever price changes, and then leave the scope and quality open to various magnitudes of choice. It is relating that difference to the revenue side. It is the percentage changes in both that the CED model tries to take account of, and simply says that without trying to import value judgments initially, but to make it possible for the citizen or the legislator to then introduce whatever value choices—and obviously I have my own value choices here—to say that if you want to have this much scope and quality, then either the present tax system will permit it, or you have to increase it. And then we say, there is room for increasing the State part of it. And in increasing the State part of it, we think that one of the reasons why your statement about the State income taxes not being able to move very much is the very high rates, the almost preemptive rates of the Federal income tax.

So that when we take our position that there may be a time when fiscal drag is something we face, it seems to me that that is a time when the relatively high rate should be reduced in order to permit the State governments to employ this very effective and responsive and potentially equitable tax.

Representative GRIFFITHS. I would like to ask each of you: What was the unemployment rate that you anticipated for 1975?

Mr. HARRISS. These estimates run, as I recall, between 4 and 4½ percent.

Mr. KEGAN. We use the Joint Economic Committee's projection of 4 percent.

Mr. NETZER. I don't speak for any specific set of projections, but in the projections which I have done in the past, it has been on the basis of 4 percent.

Representative GRIFFITHS. I am sorry, I had forgotten that I had these questions.

The number of nonwhite persons who will reach age 18 will increase by 20 percent between 1965 and 1970, and by another 20 percent between 1970 and 1975. The number of white persons who will reach 18