At any particular point in time, given the structure of the labor market, I think it is sensible to suppose that there is some minimum level of unemployment that is achievable while maintaining relative price stability—not absolute, but a reasonable amount of price stability, and no explosive developments. Just what it is, we do not know precisely. We know it is less than five, probably less than four; and are pretty sure at the present time that it is not less than three.

But in aiming at the lowest unemployment consistent with reasonable price stability we should remember that what matters is not just level, it is also how we get there. I believe the problem we are facing now, where we seem to be running into an inflationary spiral at something over 3.5 percent unemployment is that we have been approaching it too rapidly. In 1966, when we were already at the 4-percent level we kept pushing rather hard. I think as you approach this lower boundary, you have to approach it very slowly to maintain stability. But beyond that, I think it is absolutely clear that we should aim at lowering that minimum figure. I do not see why, at some point, it should not be as low as two and a half. But it takes some programs, particularly training programs and anything the Congress could do in this direction would be a great help in the long run.

Representative GRIFFITHS. Do you think the proposed tax and expenditure cut policy is recessionary and if so, how much?

Mr. CHANDLER. I certainly would not expect it to be recessionary. It might take some of the inflationary steam out of the economy. But given the rate of increase of expenditures and the rate of increase of prices at the present time, surely an increase of taxes by $10 billion and a cut in expenditures of $4 billion would not put us in a recessionary situation. My own estimate is that we would still be in an inflationary situation.

Representative GRIFFITHS. How much do you think it would require to make it recessionary?

Mr. CHANDLER. At least $20 billion at the present time, I would say.

Representative GRIFFITHS. May I ask you, suppose we take a practical problem. Suppose 15,000 poor people showed up here and we decide that, well, we will not cut into any other program, but we will make the money available to train these people and we will see to it that they are hired; by the Government, if necessary, but hired. What do you think the effect of this would be upon the economy? Because it is going to cost money to train them. You are going to have to spend money to train them.

Mr. WALLICH. Mrs. Griffiths, we do have a precedent for this. That is the WPA, which some of us remember. The experience was at least minimal in the sense that it gave these people an income. It did not give them pride in their jobs, it did not produce anything worthwhile. It turned out that the Government as an employer of last resort is not a very efficient employer.

I really think it would be better to give these people the money, say via a negative income tax, then let them scout around to see if they can earn some money for doing real work on top of that.

Mr. MODIGLIANI. I would like to comment by saying that there is a question of priority within expenditures. I would agree with you that the training of people who want to be trained and are trainable is, in my view, the highest priority. But I think there are many pro-