

and to what extent you look at measures in terms of their redistributive quality, what effect they have on the poor in society as a result of one or another measure.

Let me give you an example of what I think we should begin to think about. The British, when they wanted to do something about their export problem, constructed a tax system that provided a rebate for firms in export trade. It is essentially a tax on the service industries, an effort to stimulate the sale of manufactured goods abroad. Here a national objective is clearly defined and a selective mechanism is brought out to try to deal with the objective, in that case of stimulating export.

I think if we take a national objective of reducing inequality, which is what we are talking about most of the time in our examination of poverty, you want to examine policies which are deliberately and mainly aimed at reducing inequalities, so that you have a tax program which is not just across the board, but which may have given special rebates to employers for hiring employees they would not normally hire, to use mechanisms or adapt them so they will have a kind of intensive quality.

I think we have gotten caught up too much in the discussions of aggregate policy, hoping somehow we can heat it up here and drag it down here, rather than look at the particular distributive impact of the measures.

Senator PROXMIRE. I think that is very, very good and I think I understand that. But I think it also raises the problem that you can create a million jobs one way and if you raise taxes to pay for them, you may eliminate a million jobs another way. You may create a million jobs in the public sector and eliminate them in the private sector.

Mr. MILLER. I think we are getting more flexibility there, that we are developing mechanisms now which give us a choice of whether we want to expand jobs for the low skilled in the private sector or expand them in the public sector. It is not a question of one or the other.

Senator PROXMIRE. This is at the expense, by and large, of marginal workers. In general, most of us feel that the preponderant economic activity should be carried on in the private sector, that the market economy has a discipline that is very useful and should be encouraged. We may be moving away from that when we provide that the government should be a residual employer and have a tax which tends to drive people out of the private sector into the public sector.

Mr. MILLER. I do think present programs are leading so that we can achieve social objectives not only by reliance on the public sector, but by achieving social objectives through the private sector by way of subsidy. I think that is the direction in which we are going to lead.

Mr. TOBIN. May I say something?

We have 3.5 percent unemployment now. We know that is the national average and it covers a large diversity of unemployment rates. One of our problems is that unemployment rates are very much higher for certain groups in our population—the unskilled, the Negroes, other minority groups, teenagers and so on.

Senator PROXMIRE. Women.