

Chairman PROXMIRE. Well, now, we look at the unemployment problem that we have, the nature of it, and it is concentrated in some areas that just have all kinds of social dynamite. As you know, we have minority groups that are heavily unemployed.

Mr. ZWICK. That is right.

Chairman PROXMIRE. Teenagers?

Mr. ZWICK. That is right.

Chairman PROXMIRE. Who have a very serious problem, idleness and crime being very closely associated, and we are going to get an increase in this unemployment, according to the expectation of the administration. Isn't this going to contribute to the situation? Isn't it going to make it much harder, to make our attempts to provide jobs for the disadvantaged more difficult?

Mr. ZWICK. Certainly within the next 6 months you are correct. Our argument is that this is—

Chairman PROXMIRE. Especially if you have to cut back as you say.

Mr. ZWICK. As you know, we have tried as much as possible—

Chairman PROXMIRE. Tried to protect them?

Mr. ZWICK. To protect these programs.

Chairman PROXMIRE. At least you can't move ahead in this area?

Mr. ZWICK. To some extent, that is right. We believe this is a long-term structural problem which will be better served by avoiding a boom-and-bust situation. As you know, if we get a recession and unemployment rates go up markedly, the first group that feels the pinch are the people you are talking about.

Chairman PROXMIRE. They are feeling it now.

Mr. ZWICK. That is right, but the question is what is a sustainable level of unemployment. Are we better doing this on a more steady as-you-go basis, or are we better off trying to squeeze the level down now and maybe putting ourselves into a recession and having it jump up later. Again, there is room for argument. I cannot disagree with what you are saying, Senator, on the next 6 months. But I think the case is made, both on empirical grounds, if we look at the 1950's, and on the basis of economic theory and logic, for keeping some sort of a more stable rate of economic growth. This may mean in some short periods of time that you are running at a little higher unemployment rate than otherwise would be desirable.

Chairman PROXMIRE. I was glad to see that you cut down some of the programs, the space program, the highway program, and so forth. Do you anticipate cutting the space program \$100 million below what Congress cut it?

Mr. ZWICK. Yes.

Chairman PROXMIRE. And Congress cut it sharply.

Mr. ZWICK. That is right.

Chairman PROXMIRE. And yet, although you are trying, it would seem to me that we could put even more emphasis and have to put more emphasis in this area. Here are the areas where it seems to be that Government spending can be inflationary, where you are hiring people who are skilled, who are in short supply, buying materials that are in short supply, and so forth. The manpower training programs, where it would take a little while, but that is an area where you are getting people who are if not unemployable—

Mr. ZWICK. That is right.