

COMMUNICATIONS WORKERS OF AMERICA

Last year the unemployment rate in the United States was 3.8 percent of the civilian labor force—the same rate as registered in 1966. In the early 1960's, when unemployment was at intolerably high levels of 5 percent or more, the Council of Economic Advisers set 4 percent as the "interim goal" on our road to the achievement of full employment. It is apparent from this year's annual report that the Council has now determined that the country will "settle" for an unemployment rate in the neighborhood of 4 percent in order to avoid facing the pressures of excess demand.

We find this evaluation of the potential of the U.S. economy rather conservative. In the first place, as the Council itself acknowledges, the (now) revised method of measuring unemployment undoubtedly understates the number of jobless, in comparison to what the figure would have been had the former criteria been used in assessing persons still actively in the labor force.

Secondly, we do not consider that an economy with 3 million jobless and with considerable idle plant capacity can be said by any means to be at full employment. A full-employment unemployment rate should be that rate at which most of the jobless, at any point in time, are classified as frictional unemployed (in transition between jobs). Yet the Council points out that the burden of unemployment last year fell most heavily on those disadvantaged groups who are being left behind in this period of general prosperity.

The utilization rate of manufacturing plant capacity was only 85 percent in 1967. This, coupled with substantial hard core unemployment, indicates to us that economic policy must be geared on a priority basis to increasing employment through measures designed (a) to match workers to jobs and (b) to create the new jobs necessary to move the unemployment rate to below 3 percent.

The Council of Economic Advisers does not believe that real gross national product can grow more than a little over 4 percent this year without severe excess demand. This rate of growth would leave the unemployment rate substantially unchanged from last year. We believe that there is enough slack in the economy to allow a higher growth rate without creating inflationary pressures beyond those already anticipated. Indeed, the most reliable "moderating" force, in terms of the threat of runaway inflation, lies in the degree to which we commit ourselves to an expanding (rather than a flat or "normal") rate of growth.

In addition to unemployment, there are a number of other domestic issues demanding immediate attention. Last summer's riots were a manifestation of despair among a substantial segment of our population, stemming from inadequate job opportunities, substandard housing, poor quality education, an antiquated welfare system, and a host of other conditions that are the antithesis of the Great Society. Yet