

## COMMENTS ON ECONOMIC REPORT OF THE PRESIDENT

I shall not comment extensively upon the Economic Report of the President, because to do so would be redundant of what I have said in detail about the annual report of the Council of Economic Advisers. After all, the two documents are consistent.

The aspect of the President's Economic Report which seems most significant to me, and which I attribute basically to the Council of Economic Advisers for reasons subsequently to be stated, is that the points of emphasis in the President's report are so wide of our most imperative current problems under the Employment Act of 1946.

On the day that I am transmitting this statement to the Joint Economic Committee—March 1, 1968—there appeared in the press of the Nation the magnificent and compelling report of the President's National Advisory Commission on Civil Disorders.

This report on civil disorders states most emphatically that the causes and manifestations of these disorders tower above and affect all of our other domestic problems, and indeed threaten the destruction of basic democratic values if not dealt with promptly and fully. The report states further that by far the most imperative task of all is to wipe out the excessive unemployment among vulnerable groups. This is clearly tantamount to a finding that the total rate of unemployment in the United States is now dangerously high—a point which I have made all along. For it is manifest that unemployment among vulnerable groups cannot be cut by more than a million—preferably by close to 2 million—without corresponding reduction in the nationwide rate of unemployment, unless the vulnerables are to take jobs away from others.

This brings to the forefront a truly amazing situation. The reduction of unemployment is fundamentally the task of economic policy, i.e., the use of economic resources, although it is fraught also with social and human implications, as are all of our important economic policies. The prime responsibility of the Council of Economic Advisers is to focus upon maintenance of "maximum" employment. Yet the Economic Report of the President makes only casual reference to the towering problem of reducing unemployment further, and does not even list this task specifically and pointedly in the ordered priorities of action which he sets forth on page 8 of the Economic Report.

This omission is clearly due to the fact that the Council of Economic Advisers, both last year and this year, has written reports based upon the thesis that we are enjoying maximum employment now, or at least that policies designed to drive unemployment substantially lower would cost more than they would be worth because of alleged inflationary consequences. Thus, there is an absolute dichotomy between the view of the civil disorders report that unemployment is our top economic problem, and CEA's view that curbing inflation is our top economic problem, reflected in the President's second-ordered priority that "we must slow down the wage-price spiral."