

Finally and most important, the Nation should continue to experience substantially full employment in 1967. The unemployment rate should be essentially the same as in 1966, when it averaged 3.9 percent.

The Council's forecast was correct. In both 1966 and 1967 the final figure for average unemployment was 3.8 percent rather than 3.9, but the difference represented merely a change in the statistical method of counting the unemployed.

In 1968, the Council has reaffirmed its contention that 4 percent unemployment constitutes "full employment." As in previous years, it has accepted the concept that "potential GNP" can be achieved with 4 percent of the labor force still unemployed, and it forecasts that in 1968, if its advice is accepted, "the unemployment rate for the year as a whole should be essentially unchanged from its present level."

Ironically, this prediction is made in the face of achievements that should make possible a continuing reduction in the unemployment rate. In its 1962 Report the Council said:

If we move firmly to reduce the impact of structural unemployment, we will be able to move the unemployment target steadily from 4 percent to successively lower rates.

A major purpose of the various manpower programs is to reduce structural causes of unemployment. This year's report of the Council says:

In the last four years, manpower programs tailored to the needs of the economically disadvantaged have been greatly expanded. During the fiscal year 1968, close to a million persons, most of whom are disadvantaged, will be served by the Manpower Development and Training Act, the Job Corps, and similar programs.

According to the budget, the number served in fiscal 1967 was even larger—1,062,000. Granted that these programs are not 100 percent effective, nevertheless they should have made considerable impact on the structural problems which the Council considered in 1962 to be the major obstacle to be overcome before we could expect to "move the unemployment target steadily from 4 percent to successively lower rates."

WE HAVE OPPOSED SUCH NEGATIVISM

The UAW has consistently opposed this negativistic approach. As early as 1962 I said to this committee:

The programs presented to Congress by the present Administration to establish a national purpose and meet the needs of our people represent a vigorous and imaginative advance in leadership, both in terms of restoring health and strength to our economy and of finding compassionate answers to the needs of human beings in trouble. But even those programs fail to comprehend either the full magnitude of the problems we face or the full dimensions of our potentialities.

We have raised our national sights, but we have not raised them nearly enough. We are still aiming far too low. We are still accepting ideas of what the economy can and should do at levels which fall far short of our true capacity, levels which would leave far too much of our productive resources, both human and physical, unused or underused. [Emphasis added.]

Those words could be repeated today, except that, if we accept the advice of the Council of Economic Advisers, we are no longer raising our sights. We are declaring that they are already high enough. And behind that declaration lie policy proposals which will mean in practice that we are lowering our sights, that we are prepared to restrict our growth and to see unemployment rise again.