STATEMENT OF HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE STATE OF NEW YORK, AND THE RANKING MINORITY MEMBER OF THE JOINT ECONOMIC COMMITTEE

Senator JAVITS. First, gentlemen—first, Mr. Chairman, may I thank the Chair for its indulgence in allowing me to make a brief statement.

Second, may I say to these three top officers of our Government that you represent in your own person here this morning the very embodiment of what gives our country such great stability, as you are in the economic field the expression of the smoothness of transition from the present to a new administration.

Our chairman has worked out the hearing question so that within a period of 30 days, roughly, the country will have the benefit of your views and your experience as well as the initial bow of the new administration through what it says about your Economic Report. Thus, the American people will have the best of both worlds in the whole fiscal field.

I think this is a tremendous tribute to you and to our Government and to what makes it go—which are people like yourself. I would like to express as an American and as a Senator my appreciation for that.

I have a few remarks on the Economic Report and the budget message. The outgoing Democratic administration in both these messages, recounts our economy's enviable record of achievement over the last 5 years. It is true that we are participating in the longest economic expansion in our Nation's history, that our growth in economic potential and production has been enormous and that overall unemployment has been pushed to record low levels. Although some may argue that the Vietnam war has helped fuel our prosperity and inflate our employment total, none will dispute the fact that we now have the means to insure balanced economic growth and prosperity, if only we will use them properly.

But we must not allow ourselves to become lulled into any idea that we are to have permanent prosperity by the euphoric enumeration of the economic milestones we have passed during the last several years, for there are grave dangers facing us now. I would like to refer briefly to them.

Overstimulated economic growth has produced a price inflation foreign to us for so many years. Over the 12 months of 1968, consumers have watched prices rise at a rate greater than 4½ percent—more than any year since the Korean war. Wage increases have become commonplace yet the average worker with three dependents finds his real spendable earnings reduced to levels below 1 year ago—while his dollar earnings have increased almost $4 a week, his real spendable earnings have declined 36 cents.

An overall unemployment rate at its post-Korean war low masks the fact that not all are participating equally in our high employment economy. Nonwhite workers and teenagers have consistently faced unemployment rates substantially higher than the total and the spiraling welfare rolls—and we can certainly testify to that in New York City—testify that economic growth has not reached the poor. Further, many of those who are employed receive an income less