

Senator JAVITS. Mr. Chairman, I just want to welcome the Secretary. I came specially, though we have a Foreign Relations Committee hearing on the Nonproliferation Treaty to which I will have to go, because I think here is one of the most gifted men recruited by the new administration. And he has already emphasized his work in the statement, which I, too, have gone through. I am very grateful to the Chair for his fine introduction.

STATEMENT OF HON. GEORGE P. SHULTZ, SECRETARY OF LABOR

Secretary SHULTZ. Thank you, Mr. Chairman, and members of your committee. This is my first venture before your committee and, as an economist, I take pride in this appearance. But my awareness of the committee's expertise counsels humility, as does the range and the complexity of the problems before us.

Mr. Chairman, I appreciate your remarks and those of Senator Javits. I suppose in a sense, after your kind statements, I might quit while I am ahead. But in any case I would ask your permission to put the full statement that I have prepared into the record, along with the charts and tables that accompany it.

Senator PROXMIRE. Without objection that will be done. The charts and tables are also most helpful.

(The statement and attachments referred to follow :)

PREPARED STATEMENT OF SECRETARY OF LABOR GEORGE P. SHULTZ

This is my first venture before your committee. As an economist, I take pride in that appearance but my awareness of the Committee's expertise counsels humility as does the range and the complexity of the problems before us.

My role today is not of the economic forecaster. The Council of Economic Advisers has already performed this task, providing an analysis of the current economic scene together with their broad policy prescriptions for the coming year.

I will provide an assessment of certain aspects of the economic scene which are of particular concern to the Secretary of Labor: the job prospects facing American workers, developments in wages, prices, and labor relations affecting their welfare, and the programs of the Labor Department which have a direct bearing on general economic developments.

My remarks will be related to two questions both of which must be listed high on the agenda of anyone concerned with the future of this country :

1. What steps can help bring the current excessive rate of inflation under control without an appreciable rise in unemployment?
2. In what ways can this effort be related to a widening of economic opportunities and thereby contribute toward an end to poverty?

These two questions are closely connected. We cannot expect, on the one hand, to conquer poverty if advances in income are promptly offset by increases in the prices of goods and services the additional income was expected to buy. And, of course, the erosion of savings and of fixed incomes actually sets back the living levels of many who are only a step or two away from poverty.

On the other hand, a policy prescription that would halt inflation at the cost of producing a sharply rising level of unemployment would also prove disastrous for our efforts against poverty. For many families, the way out of poverty is more productive employment, and firms that are forced to reduce their operations are not apt to provide this opportunity.

Our sights must, therefore, be set on providing answers to both questions in a coordinated manner. We must work to check the current rate of inflation without an appreciable rise in unemployment as part of our program to provide greater economic opportunity for all. The solution will not come easily but the health of the Nation, both economic and social, depends on it. Our most important antipoverty program is a healthy economy.