

compared with a rise of 3½ percent from 1967 to 1968. While this will be a retarding influence on the rate of advance of the CPI as a whole, its magnitude is not great.

MANPOWER PROGRAMS AND ECONOMIC AND SOCIAL GOALS

The nation's manpower programs have been primarily directed at particular human problems rather than at their economic effects. They have been concerned with opening opportunity for persons disadvantaged by technological change, economic downturn or dislocation, poor and discriminatory educational preparation, and other barriers to self-supporting employment.

It has long been recognized that each of these programs has some economic effect. But their total economic impact has never been gauged, even though the manpower programs now run by the Department of Labor alone will total about \$2 billion in fiscal 1969 and reach almost a million individuals. What has become clearer during the last decade is that the combined effect of these programs can be crucial in reaching broad national economic objectives. Historically, economists have given only a passing nod to the possibility that a better functioning labor market could contribute significantly to the overall functioning of the economy.

This is no longer the case. The way we design and run our manpower programs will, I believe, be an important factor in answering the basic questions I posed at the outset of this testimony.

I should like to list four initial goals, or points of emphasis, that have important economic implications, and that are central to both immediate and longer-range manpower efforts.

First is the importance of being sure that our manpower programs are targeted to reach specific groups whose employment problems are sizeable and serious.

Negro youth unemployment has been the worst unemployment category in our Nation for more than a decade. In 1968, the nonwhite youth unemployment rates were 20.4 percent for 16-21 year olds and even higher—25 percent for 16-19 year olds taken separately. Almost ¼ of a million 16 to 21 year old Negro youths are out of school and unemployed over the course of a year.

Virtually every one of our manpower programs is focused to some degree on this target group. Almost 200,000 out of school Negro youth are being reached by the JOBS, NYC, MDTA and CEP programs. With an effort of this magnitude focused on this target group, we should begin to see some effect on the group's unemployment rate. It is a matter of concern that the high unemployment rate has persisted, and we are now considering the types of program redirection that will be most effective.

For example, we are studying the possibility of a shift in program emphasis for the older out-of-school teenager from enrollment in the Neighborhood Youth Corps to enterprise employment, with better career and income possibilities.

In this connection, the expansion of the JOBS program to types of enterprises not now strongly represented would open opportunities for new, regular competitive jobs in the very sectors of the economy that are expanding the most or where personnel problems and skill shortages are severe—the non-profit hospitals, the publicly-owned utilities, the public transit companies, a variety of service and state and local civil service activities. In other words, there are many types of activity, and some growing kinds, that we have not yet adequately brought within the purview of our training and job programs and which offer special opportunities for youth.

Similarly, the expansion of the JOBS program beyond the present 50 cities, into other cities and areas of economic growth in the nation, would open many new development situations.

Beyond improving the targeting of our training programs, we need to give greater attention to means for bridging the gap from school to work. A good part of youth unemployment is the result of this gap, which incidentally, is far greater in the U.S. than in Japan and in European countries. Three-quarters of youth unemployment is accounted for by those who are newly entering or re-entering the labor force in search of work.

There are several things we can do to close this gap under authority of the MDTA, the Vocational Education Act, and the Wagner-Peyser Act. We should improve relations between the Employment Service and the schools so that youths receive timely job counseling and are helped to understand how they might best enter the job market. New opportunities for youth to bridge the gap can flow from expansion of cooperative education programs in the schools. About