

worker, the unemployed, or those on a minimum wage, the poor, is that part of your job?

Secretary SHULTZ. Yes, sir.

Senator PROXMIRE. This has always been a lonely job in every administration. And it seems to me that it is most important that a man in your high position, and with your intelligence and ability to articulate the position, should envision that very strongly.

As I see it, the way you spell this out, you say that you feel that stability in the service industries—which you point up very well, I don't know of anybody who has emphasized this as clearly and convincingly as you have this morning—better targeted manpower programs, better and more efficient labor markets, the use of something like the Baltimore and Utah job matching approach—these are the kinds of things that you feel would be helpful. Now, yesterday the Secretary of the Treasury said the administration would persist in economic restraint until there are unmistakable signs that inflation is under control, or at least inflation is no longer as serious a threat as it has been. And his was one of the most helpful statements we had indicating what the administration has in mind. He indicated that in 1967 there was a mistake on our part. In 1967 in the first half, growth slowed to about 1 percent in real terms. Unemployment went up at one point over 4 percent. Now, according to Mr. Kennedy, this would not be sufficient evidence of a slowdown in the economy to indicate that we should let up on restraint, we should still persist under those circumstances. This would mean that if we do that, unemployment for Negroes would exceed 10 percent, and it would mean, of course, that in the view of many people, including many Members of Congress, we would have a situation in which there was a stagnation in the economy. Now, would you concur with Mr. Kennedy, or would you counsel the President against such a price for continuing the fight on inflation?

Secretary SHULTZ. I believe, as I have said in my statement, that our initial objective should be to top out the rate of increase in prices; to get the rate of increase moving down from its current roughly 5 percent level; down to 4 percent, and so on. If we can top it out and get it moving downward, that is a major achievement. What we should be doing, is working toward that end while watching very carefully the employment situation.

Senator PROXMIRE. Of course, if we can do that we would all like it. It is very appealing the way you put it, the contrast with the early sixties, where we had a situation where we were able to keep stable prices and reduce unemployment. And you say we ought to keep stable levels of low unemployment and work on getting prices down. We haven't ever been able to do that before.

You reject one device which the administration seemed to think was a very useful one. John Sheehan made a study which I thought was a most impressive study, "Wage-Price Guidelines." We had hearing on it before this committee with four experts all agreeing that if you had the right kind of fiscal and monetary policy, that these are a useful adjunct, certainly not the whole show, but certainly useful. And you reject them out of hand, I take it. And, yet, you somehow feel somewhere, some way, we can maintain this low level of unemployment and overcome inflation. It seems to me that to rely on the very important but quite limited program you suggested isn't very encouraging.