

look at the implications, of what is going on and try to do that. But also let's keep our eyes very much on what is going on and what we see, and try to adjust ourselves to the situation as it emerges.

Representative REUSS. I don't criticize you for not forecasting. Let's you and I leave the forecasting to the Council of Economic Advisers, and stipulate that the blunt arithmetic seems to work out at 300,000 to 500,000 unemployed.

Your excellent study of unemployment in slum areas of six large cities furnishes a clue as to who the unemployed will be. And it wouldn't be white Anglo Saxon Protestants in any large number. So that I would envisage a very, very serious situation.

Which now brings me to my point. Is there any reason why you, as Secretary of Labor, cannot make an all-American try at finding jobs by structural methods for those 400,000 people who are going to be thrust out of work, by a combination of training and payment during the training period, if a job itself cannot be created in the private sector by getting the Nation some of the automobile mechanics and TV repairmen which it obviously needs, and in the public sector by providing the hospital orderlies, the park and recreational attendants, the municipal waste collection service employees that are so palpably needed? What is the hangup here? It seems to me solely money—which you could get by plugging a few tax loopholes. Why don't we get at this, why don't we say that we are not going to have any more unemployed than 3.3 percent, and that the Department of Labor will find jobs—or the equivalent in human and monetary value of jobs—for those people who step up to answer the call of the Council of Economic Advisers for 400,000 new unemployed?

Secretary SHULTZ. I don't think that is a fair way to put the Council's position.

Representative REUSS. That is the result, though, isn't it? I am not saying that there is anything wrong with the position that the demand method of making jobs has for the moment seemingly, particularly if you throw out wage price guideposts, run its course, and therefore we have to pursue it as a structural problem. And my question is, is there any reason why we can't solve it on a structural basis?

Secretary SHULTZ. The fact of the matter is that there has been very little decline in unemployment connected with the inflationary period that has gone on since 1965. There has been some. The last 2 months have showed this 3.3, but it has been running in the neighborhood of 3.5, 3.7, along in there. There was not much more mileage in the piling on of demands that we noted here.

Representative REUSS. True. But when we look at it the other way, sir, it seems to me that turning off the demand spigot will create unemployment. And my suggestion is not that we don't get a little tighter in money and fiscal policy, but that we pick up the unemployed in a humane way by some sort of concentrated public-private employment program in the appropriate centers—and you pinpointed them very well—because a man from Mars would have a terribly difficult time seeing why this country should sit still for 400,000 new unemployed.

Secretary SHULTZ. Well, I hope that the burden of my testimony has supported in a broad way the point that you are making, namely, that we should conceive of manpower policies as part of a coordinated set of economic policies. We should be using manpower policies, as