

would continue to meet large portions of the costs, for example those that the JOBS program involves. But it is also conceivable that in an economic slow-down some employers, to maintain the policies that they have embarked upon under their own financing, will turn to Government financial resources that they have hitherto felt were unnecessary to support their operations.

In each of the situations above described there will be different costs associated with each of the different program elements and different ratios of success to total effort, just as there are in the broad range of manpower programs at present. When all of these factors are added and account taken of the great range of the costs that will occur, it will be apparent that the total cost of a program to deal with a potential use of 400,000 unemployed people could be as much as an amount equal in size to the present manpower efforts (almost \$2 billion). The key point, however, is that the size will be affected very considerably by the character of the elements listed above.

Increased resources for manpower programs, such as those in the budgets which are now and will be before the Congress will permit increased capability of coping with the possibility of a rise in the unemployment rate such as that hypothesized by Representative REUSS. It will certainly permit quick attention to any unusual and particular problems that arise. Most important, it will permit the sound development of the Nation's manpower efforts to make manpower programs a significant tool that, with the proper mix of monetary and fiscal policy, and in coordination with them, can help us successfully deal with the problems that confront us.

Secretary SHULTZ. Could I make a further comment, Mr. Chairman, on the phraseology of 400,000 thrown out of jobs.

I think that unemployment does not occur that way.

Representative REUSS. Or otherwise unable to find jobs which they otherwise could find.

Secretary SHULTZ. There are an awful lot of intervening variables between the slowing down of demand somewhat and what happens to the layoff rate. As you can see from some of these charts and tables, the number of people who have lost a job as a result of a layoff is, I think, around 40 percent of the total unemployed as we now see them. And that is a part of the way in which unemployment takes place. But I don't think that that is the sole way by any means.

Representative REUSS. To us a 22-year-old who has not been able to find a job, but would have been able to find a job otherwise, represents himself a social problem. And he has to be put into the program.

Secretary SHULTZ. I agree with that. I am just trying to pick up the phraseology of thrown out of jobs, because I do not think that anybody in this administration or any other administration is in favor of unemployment or is in favor of throwing people out of jobs, or wants to do anything except work in the other direction.

Senator PROXMIRE (presiding). Mr. Brock?

Representative BROCK. Mr. Secretary, I have enjoyed your very thoughtful presentation. And I think the last time I had an opportunity to talk to you it was a little less pressurized, in the intellectual calm of a university.

Secretary SHULTZ. We had a conference on race and unemployment.

Representative BROCK. Correct. And we had a lot of interesting discussions there. I delivered the same speech then.

I was very interested in the colloquy with the gentleman from Wisconsin. I can't help but react that I see no intellectual justification for the reaction that automatically the exercise of fiscal responsibility is going to create 400,000 jobseekers. I don't think that is necessarily so. And I don't believe the administration does either. It seems to me that the sensible testimony that we have had today is that the administration is trying very hard to enhance the job opportunities, and