

we are not going to consider this this year, we are going to wait for a few years and see what has happened.

In the past we have had a lot of progressive systems for increasing the minimum wage. I don't say that we should increase it this year. We could act this year as we have to provide for step increases. Do you disagree that this can be another approach, and do you expect a moderate approach?

Secretary SHULTZ. I think a moderate approach to the subject is a desirable approach. And I would agree with you on that point.

Senator PROXMIRE. Now, as I understand it, you have stated that you favor the direct contract method for obtaining adequate public manpower programs as preferable to the tax-incentive approach, you have said so, I understand, in an interview. And you are also a member of the National Manpower Policy Task Force, which has cautioned against implementation of tax-incentive measures.

Is this a correct interpretation of your position?

Secretary SHULTZ. No, sir. The National Manpower Policy Task Force did put out a report. It took a very strong position on this question. I had left that task force before the report was prepared, and did not participate in the preparation of it, and didn't sign it, and had nothing to do with it.

I am not in any way derogating the report of that group, which I consider to be a very good group of people, and an able group of people, it is just that it isn't proper to infer any views of mine from this report.

Senator PROXMIRE. What is your position?

Secretary SHULTZ. My position is that the contracting approach as illustrated, I think, most prominently by the National Alliance of Businessmen JOBS Program, has worked quite well, and should be supported, and used aggressively. And we have plans to do so. I have referred to some of them in my testimony.

I think that the tax-incentive approach also has merit, and that the way we should conceive of this problem is not in terms of that approach or this approach, or some other approach. The way to go about this would be to realize that different ways will be useful in different segments of the economy, and that we need a kind of multi-dimensional approach to many of these problems.

So that I don't see that we can't have both of these things going on to some extent at the same time.

Now, so far as the use of tax-incentive is concerned in terms of specifics, I should think among other things that we ought to be conducting some efforts to learn by doing, and see if there aren't some areas where we could set up some experiments and see how well they work.

Senator PROXMIRE. What concerns me, and I think a lot of Members of Congress, is the erosion of the tax structure. Our rates are already very high, and we have already provided for many incentives such as the investment credit. And there are areas that we could do it in, in housing, and in so many areas. I am just concerned that this is going to give us a very awkward and unfortunate tax structure, even worse than it is now.

Secretary SHULTZ. I share the concern about the erosion of the tax base. And I think that when you talk about a tax incentive that there is