

of pay a person is required to get on a job and the decision about whether that person is employable at that pay. That just seems to me to be a pretty obvious proposition.

Senator PROXMIRE. Isn't one of the problems, too, the attitude of the supervisory personnel? These are the people who will weed out those who are inefficient and fire them. And that is one of the reasons that they are supervisory personnel, that is one of their jobs, they have to do that. But at the same time, unless they understand the problem here, and have the understanding of the requirement for patience and for seeing that these people do need particular help for a period of time, it is going to—the program isn't going to work well. Isn't it likely that this kind of approach is more sustainable with a contract method rather than with a tax-incentive method?

Secretary SHULTZ. No. I think the problem is the same in either case. But I agree with you that it is a central problem.

Senator PROXMIRE. Are you working on that aspect, too?

Secretary SHULTZ. It depends on the supervisor. But it is also the union steward and the work group in the particular place where the man or woman comes in to work that you have to work with. I think there have been some great and interesting strides taken by industry in this regard. And the Department of Labor programs support this effort.

But it is interesting that very explicit, special training programs for supervisors have emerged within industry on just this point. I think they have learned a few things of rather general interest to themselves as a result. They have learned that their hiring standards are not necessarily fitted to job requirements.

They have learned that by giving a lot of attention to the process by which a person comes into employment, they probably can have a considerable impact on the rate of turnover of people and keep them on the job longer. This is something not only applicable to the so-called disadvantaged person, but much more broadly.

So I think there is coming to be a little more emphasis on the so-called vestibule aspects of employment than there has been before.

Senator PROXMIRE. Just a couple more brief questions. Would you say that much of the inflationary pressure is caused by wage increases in the defense industry? Wage increases in the defense industry, I understand, were faster and more substantial than elsewhere. We have received a lot of evidence before this committee that the increase in expenditures in procurement have been just enormous, and that part of this is because of the rapid increases in wages to get labor to do a job, and do it in a hurry. Do you have any information on this?

Secretary SHULTZ. I don't have any special new information to contribute on that.

(The following letter was subsequently received from Secretary Shultz:)

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 6, 1969.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: On February 20, in the course of my testimony before the Joint Economic Committee, you referred to high wage rates in the defense industry and their relation to high defense procurement costs. Although I com-