of our basic productive capacities. In 1968 and on into 1969, many if not a majority of our key industries were operating at capacity levels well below the optimum.

Although officially recorded unemployment averaged only 3.6 percent in 1968 (not far from the 3.8 percent in both 1966 and 1967), the true level of unemployment in 1968 (taking into account the full-time equivalent of part-time unemployment, and the concealed unemployment resulting from those not participating in the civilian labor force because of scarcity of job opportunity and therefore not counted as unemployed) was in the neighborhood, as I estimated it, of 4.2 percent or higher. Moreover, as we all know, unemployment has tended to be two to three times as high among teenagers and Negroes as the nationwide average, and has remained as high as 30–40 percent in some critical sectors of some urban areas. We simply cannot afford to tolerate the urban consequences already revealed, nor those in the offing, which stem so largely from this amount of unemployment.

One of the most striking illustrations of poor economic analysis is the viewpoint expressed by many economists, and at least intimated by the CEA, that the average level of unemployment is not now too high (or may even be too low from the viewpoint of combating inflation), and that the excessively high level of employment among vulnerable groups is a "structural" problem rather than a problem of aggregate demand or overall economic growth. They therefore conclude (as does the CEA 1969 report) that this structural problem should be dealt with by measures which do not aim at a more rapid expansion of aggregate demand or a more rapid rate of economic growth.

The use of the word "structural" may be valid in explaining that the unemployed are unemployed because of an improper fit between them and existing jobs, and that programs of training and other forms of adaptation are needed (even though that explanation is seriously overworked). Be that as it may, how can the level of excessive unemployment among the vulnerable groups be reduced, without reducing the nationwide average level of unemployment, unless the reduction of unemployment among the vulnerable groups is to be accomplished by more unemployment among others? Further, whatever may be the reasons why an unemployed person is unemployed, and even if it were to be assumed that there is a "job vacancy" awaiting for him if he were more fit, it still remains true that a job vacancy is not a job. A job vacancy involves no expenditure, while the putting of an unemployed person into a job involves an expenditure sometimes estimated in the nature of $15,000.

It follows that putting a million people (I take this figure arbitrarily, merely by way of example) who are now unemployed into jobs would involve additional outlays in the neighborhood of $15 billion, which means an increase of that size in aggregate demand, and correspondingly means a considerably higher rate of economic growth in real terms. There is absolutely no merit in the proposition that unemployment can be reduced to acceptable levels, without expediting the rate of real economic growth. Those who ignore this fact are curiously inconsistent when they argue that slowing down the rate of real economic growth to combat inflation would result in more unemployment.