

The President's report also recommends some improvement in disability insurance, an average 13-percent increase in social security benefits, and improved unemployment insurance, with special federally financed benefits for long-time unemployment. These proposals are all in the right direction, although they do not go far enough. Short-time unemployment is bad enough, and I believe that the federally financed benefits should be applied to it also. Maintenance of income among the short-term unemployed would also help to reduce the translation of short-term unemployment into long-term unemployment.

IX. MY OWN RECOMMENDATIONS

My own recommendations are so explicit in what I have already said, that unnecessary duplication would result if I set them forth again comprehensively. However, some of the highlights are these:

(1) The CEA should develop and include in each annual report a long-range and carefully quantified program and policy for economic and social equilibrium at sustained optimum resource use. This should set quantified goals for employment, GNP, and its major components, with explicit regard for the problems of both economic and social equilibrium. I have at times called this an "economic performance budget." Without this, all short-range policies tend to be improperly oriented, and are frequently at cross-purposes. Economic and social policies and programs are so inseparable that I do not favor the proposal—although it has considerable appeal—that a separate Council of Social Advisers be established;

(2) Maximum employment, with unemployment as conventionally defined held down to not more than 2½ percent of a broadly defined civilian labor force, should be an unalterable must. Placing upon the unemployed the burden of protecting the employed and the affluent against inflation is utterly indefensible. The concept of the civilian labor force should be expanded to include, not only those customarily in it, but to all those for whom gainful employment would be better for them, and for the Nation at large, than economic disutilization. As a last resort, if all else falls short, there should be federally guaranteed employment;

(3) The long-range economic and social budget referred to above should include, in proper balance, every policy and program of the Federal Government which is economic and financial in the sense that it utilizes and allocates substantial portions of our economic resources. It should include the Federal budget, which is but one aspect of basic economic policy;

(4) Even though in the long run we should be able to accomplish our social imperatives with the ratio of Federal spending to GNP no higher in 1977 than it is now, nonetheless in the years more immediately ahead we should shift much more resources to the public sector, and lift Federal spending accordingly. We should reject without equivocation the proposition that spending and taxation are available alternatives, even toward stability and growth, much less toward social equilibrium. The needed level of Federal spending should be determined first, and variations in tax rates should be utilized to combat inflation or deflation as the case may be. We urgently need a very much more progressive tax policy than we have, and this should