

REMARKS BY SENATOR HUBERT H. HUMPHREY

THE CONGRESSIONAL BLACK CAUCUS

Washington, D.C.

May 20, 1975

It is especially appropriate, and somewhat ironic, that the unemployment crisis we face today has jogged our national consciousness to reaffirm our full employment goals. I congratulate the Black Caucus for holding these hearings on what I regard as the most important employment legislation since the historic Employment Act of 1946.

The 8.9 percent unemployment rate for April, unimaginable as it would have been 5, 10, or 15 years ago, masks the much greater hardship experienced by some Americans. The black unemployment rate is 14.6 percent. Among teenagers, joblessness is over 20 percent, and among black teenagers, it is an incredible 40 percent.

A number of industries -- including autos, construction, apparel, textiles, and lumber -- are experiencing unemployment rates close to 20 percent.

Make no mistake about it. This recession has hit the experienced as well as the inexperienced worker, the rural as well as the urban worker, the young, middle-aged and the elderly. And it has cut across broad industry lines.

Yet, in spite of the fact that unemployment today is higher than it has been since the Great Depression, the Administration has consistently minimized its severity and has failed to propose a program designed to restore full employment.

How can full employment be the focus of Administration policy when the President of the United States says, "Unemployment is the biggest concern of the 8.2 percent of American workers temporarily out of work, but inflation is the universal enemy of 100 percent of our people in America today."

I take issue with the President.

The more than 8 million workers who are presently counted as being officially unemployed represent only a fraction of those who will directly suffer the effects of unemployment during 1975. If our past experience is any guide, the number of people who will be unemployed at some time during the year or who live in a household with an unemployed worker will total over 70 million in 1975.

During the last recession year, 1971, when the monthly unemployment rate averaged 5.9 percent, more than 16 percent of the work force experienced a spell of unemployment some time during the year. If a similar relationship holds in 1975, almost 25 percent of the work force will suffer unemployment at some time during 1975. This means that 24 million workers and their families could be affected -- or a total of over 70 million persons. These are the numbers the President and his advisers should be studying -- that one-third of the American population will be directly affected by unemployment this year. Millions of others -- the underemployed, the part-time employed, and businessmen -- will suffer indirectly, through shorter work hours, smaller take-home pay, and lower sales and profits.

In the face of these grim statistics, the Administration's response is that we must accept a "gradual" return to full employment.

But what does this gradual approach mean in terms of lost jobs, output and income?

It would mean unemployment above 6 percent for the next four years.

It would mean \$1.5 trillion in lost output between now and 1980 that could be produced if we were at full employment.

It would mean lower income, lower tax revenues, lower profits, and lower wages in the next five years than we could achieve at full employment.

I am as concerned as the President is about inflation. However, he does not seem to understand that, as Congressman Rangel has said, "The only buffer against inflation for low and middle income families is a job."

In 1946, with the passage of the Employment Act, we made a commitment to full employment -- a commitment which has not been met. The Employment Act enjoined the federal government to "promote maximum employment, production, and purchasing power." We realized then that maximum or full employment should be the central goal of national economic policy.

Since then, we have given a great deal of lip service to the work ethic. Yet, the United States, among all the industrialized nations, consistently experiences the highest unemployment rates.

At the beginning of this year, when the Western European countries and Japan were in the midst of recessions as severe or more so than the U.S. recession, their unemployment rates were 6.2 percent in France, 3.6 percent in Great Britain, 3.3 percent in Italy, 3 percent in West Germany, and only 1.7 percent in Japan.

Part of the reason why these other countries have held unemployment to lower levels lies in the structure of their labor force. In Japan, for example, many workers remain with the same employers for their entire career, and this reduces the level of frictional, or job-search unemployment. But the more important factor is that these countries have made a serious commitment to full employment.

For the first time since the Employment Act was passed, we are re-affirming the goal and establishing the process to achieve full employment, in the Equal Opportunity and Full Employment Act. And just as there were short-sighted opponents then, there are dissenters again telling us why it cannot be done.

A job at fair pay means self-esteem and the respect of society. It means the ability to maintain a decent standard of living. No one in this great country should be denied these basic rights, because of the unwillingness of government to act as the employer of last resort.

It is my fervent belief that we should follow economic policies which encourage and enable the private sector to gainfully employ all Americans who want a job. We haven't yet begun to explore seriously the innovative labor market

policies, such as wage subsidies to assist in training the underprivileged, which would increase the productivity of many workers and enhance their job opportunities.

There will inevitably be times, however, when the private sector is unable to gainfully employ all those who seek work, either because of a cyclical business downturn or a temporary reduction in foreign demand for U.S. products, for example. At these times, the Equal Opportunity and Full Employment Act establishes that the federal government will function as the employer of last resort.

To those who claim that a federal commitment to full employment would mean a proliferation of leaf-raking projects, I say look at the great unmet needs in this country.

-- How many thousands of new jobs could we create if we seriously tried to meet our nation's housing needs?

-- How many people could we usefully put to work if we truly attempted to provide quality health care to all our citizens?

-- Who can estimate the tremendous need for trained workers to staff our nation's day care centers?

-- Who will deny that thousands of workers are needed to take our delapidated rail system and turn it into a safe and efficient operation?

-- How many Americans could we put to work if we really decided to revitalize our nation's cities?

There is undeniably no shortage of important work for our citizens.

Of course, the goal of public policy should be to so wield federal economic tools so as to reduce the public jobs sector to zero. But in the last 30 years, economic policy has often operated like a seesaw -- stimulating the economy at a rapid and unsustainable pace, and then choking it into a recession. This current recession is merely the most dramatic example of these boom-and-bust policies. With a longer-term planning mechanism, I believe that the federal government can support continued, balanced economic growth. And this, in turn, will enable the private sector to absorb all workers who are willing and able to work.

Every day we are reminded of the strong work ethic that persists in this country. Thousands of unemployed have come to Washington asking for economic policies that will create jobs. A few hundred public jobs are advertised in Atlanta, and 10 or 15 times as many people line up during the night to apply. This scene was repeated in many cities across the country when the public service employment program was expanded in January.

These people, and the vast majority of Americans, aren't satisfied to receive a welfare check or unemployment compensation. They ask for the opportunity to earn an honest living.

If the federal government can bail out defense contractors, banks and railroads, how can it turn its back on men and women for whom a job means self-esteem and a decent standard of living for themselves and their families?

I am proud to be the primary sponsor of the Equal Opportunity and Full Employment Act in the Senate. With bold and innovative leadership, I am convinced that we can do a much better job of providing our people with work.

REMARKS BY SENATOR HUBERT H. HUMPHREY

THE CONGRESSIONAL BLACK CAUCUS

WASHINGTON, D.C.

MAY 20, 1975

Mr Bernard E Anderson
Wharton School
U of Penn.

IT IS ESPECIALLY APPROPRIATE, AND SOMEWHAT IRONIC, THAT
THE UNEMPLOYMENT CRISIS WE FACE TODAY HAS JOGGED OUR NATIONAL
CONSCIOUSNESS TO REAFFIRM OUR FULL EMPLOYMENT GOALS. I CON-

GRATULATE THE BLACK CAUCUS FOR HOLDING THESE HEARINGS ON WHAT

I REGARD AS THE MOST IMPORTANT EMPLOYMENT LEGISLATION SINCE

THE HISTORIC EMPLOYMENT ACT OF 1946.

*the Equal Opportunity +
Full Employment Act*

HR 50

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THE 8.9 PERCENT UNEMPLOYMENT RATE FOR APRIL, UNIMAGINABLE

AS IT WOULD HAVE BEEN 5, 10, OR 15 YEARS AGO, MASKS THE MUCH

GREATER HARDSHIP EXPERIENCED BY SOME AMERICANS. THE BLACK

UNEMPLOYMENT RATE IS 14.6 PERCENT. AMONG TEENAGERS, JOBLESSNESS

IS OVER 20 PERCENT, AND AMONG BLACK TEENAGERS, IT IS AN

INCREDIBLE 40 PERCENT.

*An Economic & Social
Catastrophe*

Keep

A NUMBER OF INDUSTRIES -- INCLUDING AUTOS, CONSTRUCTION, APPAREL, TEXTILES, AND LUMBER -- ARE EXPERIENCING UNEMPLOYMENT RATES CLOSE TO 20 PERCENT.

Keep

MAKE NO MISTAKE ABOUT IT. THIS RECESSION HAS HIT THE EXPERIENCED AS WELL AS THE INEXPERIENCED WORKER, THE RURAL AS WELL AS THE URBAN WORKER, THE YOUNG, MIDDLE-AGED AND THE ELDERLY. AND IT HAS CUT ACROSS BROAD INDUSTRY LINES.

YET, IN SPITE OF THE FACT THAT UNEMPLOYMENT TODAY IS HIGHER THAN IT HAS BEEN SINCE THE GREAT DEPRESSION, THE ADMINISTRATION HAS CONSISTENTLY MINIMIZED ITS SEVERITY AND HAS FAILED TO PROPOSE A PROGRAM DESIGNED TO RESTORE FULL EMPLOYMENT.

HOW CAN FULL EMPLOYMENT BE THE FOCUS OF ADMINISTRATION
POLICY WHEN THE PRESIDENT OF THE UNITED STATES SAYS, "UNEMPLOY-
MENT IS THE BIGGEST CONCERN OF THE 8.2 PERCENT OF AMERICAN
WORKERS TEMPORARILY OUT OF WORK, BUT INFLATION IS THE UNIVERSAL
ENEMY OF 100 PERCENT OF OUR PEOPLE IN AMERICA TODAY."

I TAKE ISSUE WITH THE PRESIDENT.

Keep
THE MORE THAN 8 MILLION WORKERS WHO ARE PRESENTLY COUNTED
AS BEING OFFICIALLY UNEMPLOYED REPRESENT ONLY A FRACTION OF
THOSE WHO WILL DIRECTLY SUFFER THE EFFECTS OF UNEMPLOYMENT
DURING 1975. IF OUR PAST EXPERIENCE IS ANY GUIDE, THE NUMBER
OF PEOPLE WHO WILL BE UNEMPLOYED AT SOME TIME DURING THE YEAR
OR WHO LIVE IN A HOUSEHOLD WITH AN UNEMPLOYED WORKER WILL TOTAL
OVER 70 MILLION IN 1975.

*Deficit -
\$1 Trillion, 500 by 1980*

cut

DURING THE LAST RECESSION YEAR, 1971, WHEN THE MONTHLY UNEMPLOYMENT RATE AVERAGED 5.9 PERCENT, MORE THAN 16 PERCENT OF THE WORK FORCE EXPERIENCED A SPELL OF UNEMPLOYMENT SOME TIME DURING THE YEAR. IF A SIMILAR RELATIONSHIP HOLDS IN 1975, ALMOST 25 PERCENT OF THE WORK FORCE WILL SUFFER UNEMPLOYMENT AT SOME TIME DURING 1975. THIS MEANS THAT 24 MILLION WORKERS AND THEIR FAMILIES COULD BE AFFECTED -- OR A TOTAL OF OVER 70 MILLION

PERSONS. THESE ARE THE NUMBERS THE PRESIDENT AND HIS ADVISERS

SHOULD BE STUDYING -- THAT ONE-THIRD OF THE AMERICAN POPULATION WILL BE DIRECTLY AFFECTED BY UNEMPLOYMENT THIS YEAR. MILLIONS OF OTHERS -- THE UNDEREMPLOYED, THE PART-TIME EMPLOYED, AND BUSINESSMEN -- WILL SUFFER INDIRECTLY, THROUGH SHORTER WORK HOURS, SMALLER TAKE-HOME PAY, AND LOWER SALES AND PROFITS.

IN THE FACE OF THESE GRIM STATISTICS, THE ADMINISTRATION'S
RESPONSE IS THAT WE MUST ACCEPT A "GRADUAL" RETURN TO FULL
EMPLOYMENT.

BUT WHAT DOES THIS GRADUAL APPROACH MEAN IN TERMS OF LOST
JOBS, OUTPUT AND INCOME?

IT WOULD MEAN UNEMPLOYMENT ABOVE **6** PERCENT FOR THE NEXT
FOUR YEARS.

IT WOULD MEAN \$1.5 TRILLION IN LOST OUTPUT BETWEEN NOW
AND 1980 THAT COULD BE PRODUCED IF WE WERE AT FULL EMPLOYMENT.

IT WOULD MEAN LOWER INCOME, LOWER TAX REVENUES, LOWER
PROFITS, AND LOWER WAGES IN THE NEXT FIVE YEARS THAN WE COULD
ACHIEVE AT FULL EMPLOYMENT.

I AM AS CONCERNED AS THE PRESIDENT IS ABOUT INFLATION, HOWEVER, HE DOES NOT SEEM TO UNDERSTAND THAT, AS CONGRESSMAN RANGEL HAS SAID, "THE ONLY BUFFER AGAINST INFLATION FOR LOW AND MIDDLE INCOME FAMILIES IS A JOB."

IN 1946, WITH THE PASSAGE OF THE EMPLOYMENT ACT, WE MADE A COMMITMENT TO FULL EMPLOYMENT -- A COMMITMENT WHICH HAS NOT BEEN MET. THE EMPLOYMENT ACT ENJOINED THE FEDERAL GOVERNMENT TO "PROMOTE MAXIMUM EMPLOYMENT, PRODUCTION, AND PURCHASING POWER." WE REALIZED THEN THAT MAXIMUM OR FULL EMPLOYMENT SHOULD BE THE CENTRAL GOAL OF NATIONAL ECONOMIC POLICY.

SINCE THEN, WE HAVE GIVEN A GREAT DEAL OF LIP SERVICE TO THE WORK ETHIC. YET, THE UNITED STATES, AMONG ALL THE INDUSTRIALIZED NATIONS, CONSISTENTLY EXPERIENCES THE HIGHEST UNEMPLOYMENT RATES.

AT THE BEGINNING OF THIS YEAR, WHEN THE WESTERN EUROPEAN COUNTRIES AND JAPAN WERE IN THE MIDST OF RECESSIONS AS SEVERE OR MORE SO THAN THE U.S. RECESSION, THEIR UNEMPLOYMENT RATES WERE 6.2 PERCENT IN FRANCE, 3.6 PERCENT IN GREAT BRITAIN, 3.3 PERCENT IN ITALY, 3 PERCENT IN WEST GERMANY, AND ONLY 1.7 PERCENT IN JAPAN.

PART OF THE REASON WHY THESE OTHER COUNTRIES HAVE HELD UNEMPLOYMENT TO LOWER LEVELS LIES IN THE STRUCTURE OF THEIR LABOR FORCE. IN JAPAN, FOR EXAMPLE, MANY WORKERS REMAIN WITH THE SAME EMPLOYERS FOR THEIR ENTIRE CAREER, AND THIS REDUCES THE LEVEL OF FRICTIONAL, OR JOB-SEARCH UNEMPLOYMENT. BUT THE MORE IMPORTANT FACTOR IS THAT THESE COUNTRIES HAVE MADE A SERIOUS COMMITMENT TO FULL EMPLOYMENT,

FOR THE FIRST TIME SINCE THE EMPLOYMENT ACT WAS PASSED,
WE ARE RE-AFFIRMING THE GOAL AND ESTABLISHING THE PROCESS TO
ACHIEVE FULL EMPLOYMENT, IN THE EQUAL OPPORTUNITY AND FULL
EMPLOYMENT ACT. *HR 50 Augustus Hawkins, § 50 is small*
AND JUST AS THERE WERE SHORT-SIGHTED OPPONENTS
THEN, THERE ARE DISSENTERS AGAIN TELLING US WHY IT CANNOT BE
DONE.

A JOB AT FAIR PAY MEANS SELF-ESTEEM AND THE RESPECT OF
SOCIETY. IT MEANS THE ABILITY TO MAINTAIN A DECENT STANDARD
OF LIVING. NO ONE IN THIS GREAT COUNTRY SHOULD BE DENIED THESE
BASIC RIGHTS, BECAUSE OF THE UNWILLINGNESS OF GOVERNMENT TO ACT
AS THE EMPLOYER OF LAST RESORT.

IT IS MY FERVENT BELIEF THAT WE SHOULD FOLLOW ECONOMIC POLICIES WHICH ENCOURAGE AND ENABLE THE PRIVATE SECTOR TO GAINFULLY EMPLOY ALL AMERICANS WHO WANT A JOB. WE HAVEN'T YET BEGUN TO EXPLORE SERIOUSLY THE INNOVATIVE LABOR MARKET POLICIES, SUCH AS WAGE SUBSIDIES TO ASSIST IN TRAINING THE UNDERPRIVILEGED, WHICH WOULD INCREASE THE PRODUCTIVITY OF MANY WORKERS AND ENHANCE THEIR JOB OPPORTUNITIES.

THERE WILL INEVITABLY BE TIMES, HOWEVER, WHEN THE PRIVATE SECTOR IS UNABLE TO GAINFULLY EMPLOY ALL THOSE WHO SEEK WORK, EITHER BECAUSE OF A CYCLICAL BUSINESS DOWNTURN OR A TEMPORARY REDUCTION IN FOREIGN DEMAND FOR U.S. PRODUCTS, FOR EXAMPLE.

AT THESE TIMES, THE EQUAL OPPORTUNITY AND FULL EMPLOYMENT
ACT ESTABLISHES THAT THE FEDERAL GOVERNMENT WILL FUNCTION AS
THE EMPLOYER OF LAST RESORT.

TO THOSE WHO CLAIM THAT A FEDERAL COMMITMENT TO FULL
EMPLOYMENT WOULD MEAN A PROLIFERATION OF LEAF-RAKING PROJECTS,

I SAY LOOK AT THE GREAT UNMET NEEDS IN THIS COUNTRY,

-- HOW MANY THOUSANDS OF NEW JOBS COULD WE CREATE IF WE
SERIOUSLY TRIED TO MEET OUR NATION'S HOUSING NEEDS?

-- HOW MANY PEOPLE COULD WE USEFULLY PUT TO WORK IF
WE TRULY ATTEMPTED TO PROVIDE QUALITY HEALTH CARE TO ALL OUR
CITIZENS?

-- WHO CAN ESTIMATE THE TREMENDOUS NEED FOR TRAINED

WORKERS TO STAFF OUR NATION'S DAY CARE CENTERS?

*who can fail to understand the need for Teachers
& counselors in our Education System.*

-- WHO WILL DENY THAT THOUSANDS OF WORKERS ARE NEEDED

TO TAKE OUR DELAPIDATED RAIL SYSTEM AND TURN IT INTO A SAFE

AND EFFICIENT OPERATION?

-- HOW MANY AMERICANS COULD WE PUT TO WORK IF WE REALLY

DECIDED TO REVITALIZE OUR NATION'S CITIES?

THERE IS UNDENIABLY NO SHORTAGE OF IMPORTANT WORK FOR

OUR CITIZENS.

OF COURSE, THE GOAL OF PUBLIC POLICY SHOULD BE TO SO WIELD
FEDERAL ECONOMIC TOOLS SO AS TO REDUCE THE PUBLIC JOBS SECTOR
TO ZERO.

Keep

BUT IN THE LAST 30 YEARS, ECONOMIC POLICY HAS OFTEN OPERATED LIKE A SEESAW -- STIMULATING THE ECONOMY AT A RAPID AND UNSUSTAINABLE PACE, AND THEN CHOKING IT INTO A RECESSION. THIS CURRENT RECESSION IS MERELY THE MOST DRAMATIC EXAMPLE OF THESE BOOM-AND-BUST POLICIES. WITH A LONGER-TERM PLANNING MECHANISM, I BELIEVE THAT THE FEDERAL GOVERNMENT CAN SUPPORT CONTINUED, BALANCED ECONOMIC GROWTH. AND THIS, IN TURN, WILL ENABLE THE PRIVATE SECTOR TO ABSORB ALL WORKERS WHO ARE WILLING AND ABLE TO WORK.

EVERY DAY WE ARE REMINDED OF THE STRONG WORK ETHIC THAT PERSISTS IN THIS COUNTRY. THOUSANDS OF UNEMPLOYED HAVE COME TO WASHINGTON ASKING FOR ECONOMIC POLICIES THAT WILL CREATE JOBS.

A FEW HUNDRED PUBLIC JOBS ARE ADVERTISED IN ATLANTA, AND 10 OR 15 TIMES AS MANY PEOPLE LINE UP DURING THE NIGHT TO APPLY.

THIS SCENE WAS REPEATED IN MANY CITIES ACROSS THE COUNTRY WHEN THE PUBLIC SERVICE EMPLOYMENT PROGRAM WAS EXPANDED IN JANUARY.

THESE PEOPLE, AND THE VAST MAJORITY OF AMERICANS, AREN'T SATISFIED TO RECEIVE A WELFARE CHECK OR UNEMPLOYMENT COMPENSATION. THEY ASK FOR THE OPPORTUNITY TO EARN AN HONEST LIVING.

IF THE FEDERAL GOVERNMENT CAN BAIL OUT DEFENSE CONTRACTORS, BANKS AND RAILROADS, HOW CAN IT TURN ITS BACK ON MEN AND WOMEN FOR WHOM A JOB MEANS SELF-ESTEEM AND A DECENT STANDARD OF LIVING FOR THEMSELVES AND THEIR FAMILIES?

I AM PROUD TO BE THE PRIMARY SPONSOR OF THE EQUAL
OPPORTUNITY AND FULL EMPLOYMENT ACT IN THE SENATE, WITH BOLD
AND INNOVATIVE LEADERSHIP, I AM CONVINCED THAT WE CAN DO
A MUCH BETTER JOB OF PROVIDING OUR PEOPLE WITH WORK.

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