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HEALTH AND OTHER EFFECTS OF UNEMPLOYMENT

GOVERNMENT

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JOINT HEARING BEFORE THE COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE AND THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES NINETY-SIXTH CONGRESS

SECOND SESSION

ON

EXAMINATION ON HOW UNEMPLOYMENT AFFECTS THE
HEALTH, ATTITUDES, AND LIVING CONDITIONS OF
INDIVIDUALS

JULY 24, 1980

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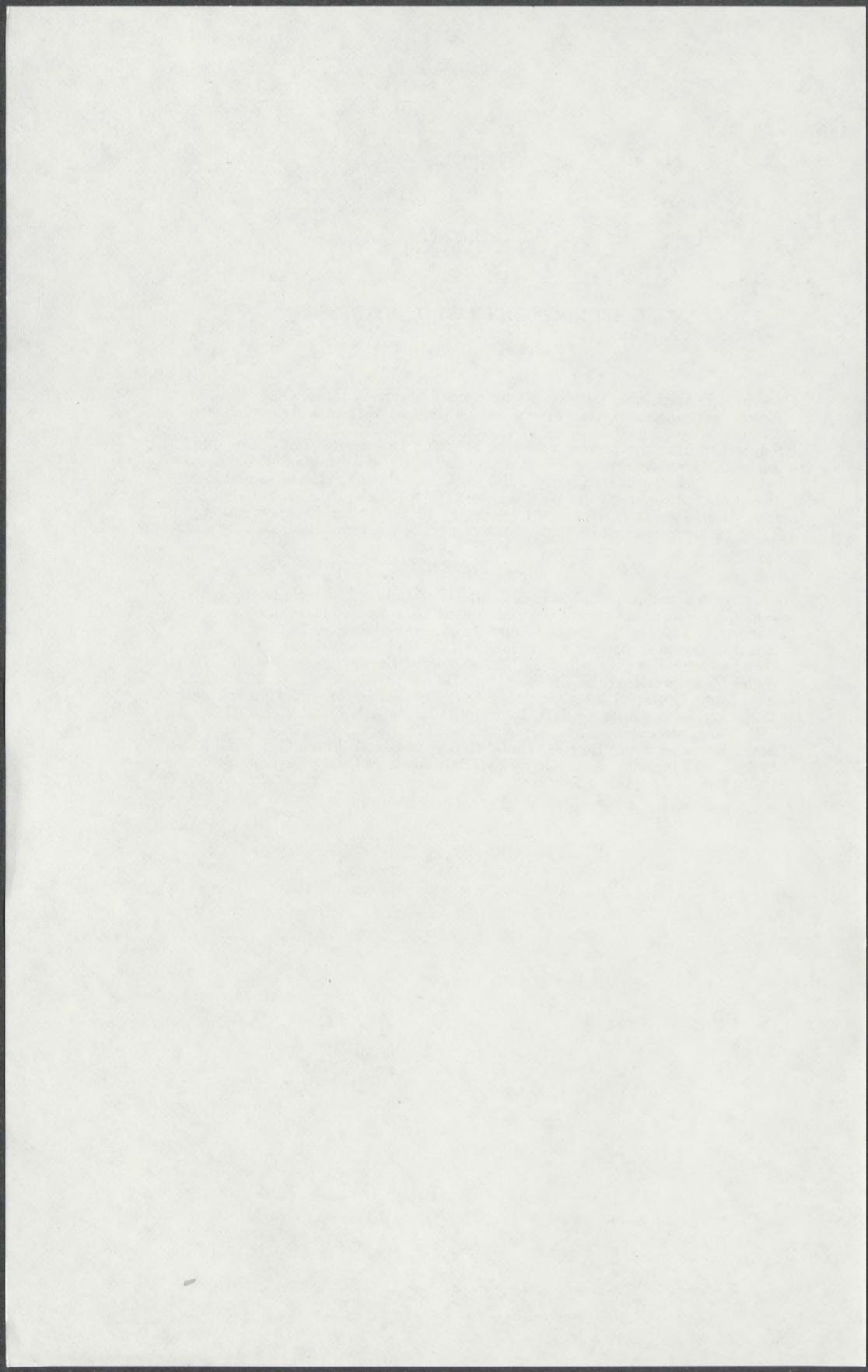
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HEALTH AND OTHER EFFECTS OF UNEMPLOYMENT

THURSDAY, JULY 24, 1980

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES AND
THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The committee met, pursuant to notice, at 9:40 a.m., in room 4232, Dirksen Senate Office Building, Senator Edward M. Kennedy presiding.

Present: Senators Kennedy, Metzenbaum, Riegle, and Javits.
Also present: Representatives Hawkins and Petri.

OPENING STATEMENT OF SENATOR KENNEDY

Senator KENNEDY. We will come to order.

We want at the outset of our hearing to give a very special welcome to Congressman Gus Hawkins, who is Mr. Full Employment in the Congress of the United States and across this Nation. There is no individual Member of the Congress of the United States, I think, that has spent more time, more effort, more energy, and has a greater understanding and awareness and a more deep compassion for the problems of the unemployed than Gus Hawkins. His own committee follows these issues prodigiously and has been an extremely constructive and positive force working with this administration and with the Congress of the United States. Any hearings that are being held in the Congress of the United States to consider the human aspects of unemployment and what it means to the families always has his attention and always has his concern and his interest. I am just enormously gratified by his personal presence here today as the really active Member of the House of Representatives.

He has a number of other responsibilities, but we welcome him here to our committee.

I will make a brief opening comment and then I will hear from my colleagues.

I would like to ask him if he would be good enough to say a few words for the benefit of our hearing today.

Yesterday, the Congressional Budget Office predicted that the Nation's unemployment rate will reach 8.9 percent in the last quarter of 1980. It will be 9 percent during most of 1981, and at the end of the year, it will still be close to 9 percent.

Today, there are 2 million more unemployed workers than there were 6 months ago. There will be 3 million more unemployed at the end of this year than there were at the beginning.

The devastation of rising unemployment can be seen across the Nation, especially in the industrial heartland of America—in Michigan and Ohio and Texas, from New Jersey in the East to California in the West, the recession is everywhere. It has touched every industry—auto and steel, manufacturing and construction, service firms, and family farms.

The numbers tell a dismal story in dollar terms. Here is what the rise in unemployment is doing to our economy:

It may well produce a record Federal deficit this year, and it has already ruined any hope of a balanced budget in the coming year.

It will increase Federal spending by \$14 billion this year for unemployment compensation, food stamps, and disability payments.

It will cut Federal revenues by \$53 billion.

It will reduce the gross national product by \$150 billion.

But unemployment has more than economic costs. It also exacts a tragic human toll. It destroys not only jobs, but mental and physical health.

The Michigan Mental Health Association experienced a 25-percent increase in distress calls during May and June.

In Chicago, the Catholic charities program of family counseling has soared by a third.

Financial counseling in Miami through United Way has increased 39 percent.

In these and countless other communities, those who suffer unemployment also suffer greater incidence of serious disease. As Thomas Cottle of Harvard Medical School recently warned, "Unemployment is the killer disease in this country."

The witnesses here today will tell us far better than any statistics what it means to be unemployed. They have lost more than jobs. They have lost health, housing, and decent nutrition for themselves and for their children.

Prof. Harvey Brenner of Johns Hopkins University, the leading authority in the Nation on the social effects of unemployment, and Studs Terkel, the writer who speaks so clearly for the workers on Division Street and the neighborhoods of our cities, will share their views on unemployment as they have seen it, and their insights into the plight of the jobless.

Rudolph Oswald, director of research for the AFL-CIO and economist Paul Barton will discuss the steps we must take to put American back to work.

Finally, Assistant Secretary of Labor Ernest Green will respond for the administration.

As I have traveled this country, I have seen people in anguish because of unemployment; people whose health is devastated when they lose their health insurance; families who have been forced to sell their homes; parents who have lost the dream of college for their children.

We can do better than permit this recession to run its painful course of human misery. It is time to restore to America both the substance of prosperity and a sense of hope.

The answer is clear: The best social program that this nation could ever have is a sound economy of full employment and price stability.

I have called for an immediate antirecession program to create 800,000 new jobs. I believe that we must never fight inflation by knocking people out of work.

The Nation needs action—and action now. Not next year—but now. Not words—but real commitment to create jobs and to revive our failing economy.

Senator Riegle.

Senator RIEGLE. Mr. Chairman, let me begin by commending you for your leadership in calling this vitally important hearing today. I think it is the most important issue in the country. It is not receiving that kind of attention generally but it should.

I want to also join with you in welcoming our colleague and special friend, as strong a fighter as there is in the country for the needs of working men and women, and that is Gus Hawkins, who is with us here from the House.

As you point out, the national unemployment rate at the present time is 7.7 percent and is expected to climb to about 9 percent by the end of the year.

In some States and regions of the country, unemployment has reached levels which are catastrophic. In my own State of Michigan, unemployment is at an almost unbelievable 14.1 percent. 607,000 people are now jobless in my State. More than 409,000 people are collecting unemployment insurance, but some 93,000 have been out of work so long that they have exhausted all their unemployment insurance benefits; 161,000 more will exhaust their benefits before the year is out. More than 1 in 9 of our citizens have been forced to turn to some form of public assistance. We are suffering from the greatest economic catastrophe since the depression of the 1930's.

These are stark and brutal facts. They paint a grim picture of the human devastation which this recession means to the people of my State.

But while the worst of this recession is centered in Michigan, it is a national problem where unemployment has now reached 9.7 percent in Ohio, 8.6 percent in Illinois, 7.9 percent in New Jersey, 7.7 percent in Pennsylvania, and 7.3 percent in New York. Because of the large size of these industrial States, the percentage figures represent millions of persons.

We must remind ourselves that these statistics represent the lives and personal circumstances of millions of jobless Americans, individuals who are suffering not only the direct economic damage of unemployment, but also the personal, family, and community distress which accompanies massive joblessness.

These jobless workers have lost more than their livelihood. Many are facing the prospect of losing their homes, their cars, the chance to send their children to college, and the basic structure of their lives.

They are losing their hope for the future and their ability to keep faith in the concept of economic justice in our society.

In too many cities across this Nation, the threads which hold together communities are stretched to the breaking point. The

incidence of alcohol and drug abuse, of family violence, of antisocial acts are rising sharply. And yet falling revenues available to the Federal and State Governments are sharply reducing the funds for vital social programs needed to cope with this rising level of human misery. We must act swiftly and forcefully to correct this situation.

Most importantly, we must immediately put in place an emergency economic recovery plan which can bottom out this recession and start putting people back to work without delay.

We must tailor special recovery plans for industries like autos and steel and initiate efforts to create new jobs for permanently displaced workers.

We must institute a sweeping new national reindustrialization strategy which will revitalize our basic industries and restore America's competitiveness in a changing world market. We must provide immediate trading policy relief for the auto industry, the steel industry and other sectors of our economy which have been badly damaged by predatory trading partners and radically changing world economic realities.

Government, labor, and industry must join together in a cooperative new partnership of common effort to stabilize the American economy and build a future that can fully employ our people and restore the standard of living our Nation requires.

We must also act to extend unemployment insurance beyond its present limit of 39 weeks. We must expand job training and retraining programs. We must now consider emergency work programs such as rebuilding our national railway system. We must live up to our past commitments and fully fund the trade adjustment assistance and food stamp programs. We must make sure that severely impacted communities are targeted and afforded the extra resources they need to meet the pressing needs of their people. Every agency of the Federal Government must be directed by the President and Congress to target its resources on those persons and communities in the most desperate economic need.

America cannot accept the arguments advanced by some that we have entered an era of decline and increasing deprivation that would permanently choke off economic opportunities for tens of millions of Americans.

Our setbacks, shortfalls, and mistakes can be corrected if we have the determination, vision and commitment to effort needed to recapture the future. We can and must hammer out a new economic strategy that is equal to the challenge facing us.

To surrender to economic misery is to repudiate 204 years of American history and accomplishment. As a nation, we have overcome seemingly impossible odds before, and we will again.

With our human and natural resources we are, by far, the most richly endowed land on earth. Our destiny is to fully use that potential for the broad public and national good, and I believe these hearings can help us find our way out of the ditch and back up to that higher road.

I want to particularly welcome our witnesses today, those especially that are here from Michigan, and to say that we are anxious to hear from you. I know your contribution today will help this country greatly, and we thank you for it.

Senator KENNEDY. Senator Metzenbaum.

Senator METZENBAUM. Senator Kennedy, I want to say this is a welcome contrast for me. I have been sitting through a number of days of hearings at the Budget Committee. I have heard some of the Nation's most prominent economists speak, and I have not heard one word of concern about the problems of the people of America, except as related to matters such as production incentives and tax reductions, but nothing said about the problems of the human beings who make up our Nation. I think this hearing focuses directly on that very issue.

I have also heard about the 9-percent unemployment this Nation is facing and will continue to face for probably the balance of 1981. That means 9 million people and their families are now forced to look for Government assistance in the form of unemployment benefits, food stamps, and eventually, welfare. Unfortunately, it is a tragic human story and one that tends to be overlooked among the statistics that there are real people involved, some of whom are with us here today.

In my own State of Ohio—one of the gentlemen is from Ohio—unemployment has been a great concern for several months, as Senator Riegle has just pointed out.

We have seen major industries closing their plants, not only for a few days or weeks, but for months at a time. Many plants are closing permanently because of the poor national economy.

Factory workers have lost their jobs in the automobile plants of Cleveland and Toledo, while automobile manufacturers move their operations to other countries such as Mexico. Steelworkers have watched their plants close in the Youngstown and Warren areas and in southeastern Ohio, coal miners have been idled as mines have been closed in spite of all of our talk here in Congress and at the administration about how we are going to develop and use more coal in this country.

With so many things to be done in this country, it just does not make sense that so many industries are idle and so many jobs are lost. The worst part is that many Members of the Congress and the administration seem to have taken the attitude that this major problem of unemployment does not exist or, if it does exist, it will quietly steal into the night if we ignore it long enough.

I know of no strong programs, no leadership except that which comes from you, Mr. Chairman, with respect to the concern Americans have about finding jobs. Instead of providing realistic numbers in the first budget resolution to deal with the impact of such massive unemployment, today the debate surrounding the first budget resolution which took place less than 6 months ago is only telling us how big the deficit is going to be without any positives coming out of it.

Who are we really kidding when we talk about cutting back in CETA jobs programs at a time when national unemployment is reaching 9 percent? Who are we kidding when we force senior citizens to choose between eating and heating their homes because we will not provide the energy assistance they need?

Who are we kidding to think that the riots in Miami will not happen again in other cities in this country?

I remember not too long ago, about 10 years ago, that I came here to Washington as a businessman, along with many leaders of the entire industry of this Nation, business leaders and Government leaders. We had a concern. We joined together because there were riots that were taking place in Watts, Detroit, Gary, Washington, and the hub section of Cleveland. Out of that action there came a determination that we had to save American cities. Out of that action there came the Urban Coalition. Who ever heard of that word in recent months or recent years?

I hope we can avoid the riots that we had in those days this year; but we must face up to reality. As long as there are 9 million people out of work and 50 percent of our urban youth without jobs, we need to have a concern.

I have sat on the floor of the Senate and I have sat in the Budget Committee and I have talked about threats to our national security because of international crises.

Mr. Chairman, I believe the real crisis is right here in our own backyard. And a new B-1 bomber system will not solve that problem, nor will an MX missile or a new \$2 billion aircraft carrier. We must put people to work and we must do it quickly. I am convinced that no matter how hard we try—and we will try, and will make great speeches about it, but we will not be able to balance the budget this year, and probably not for the next year either. We have to get on with the business of helping people get through bad economic times.

There are new flags that are to be found in Washington these days in addition to the American flag.

One is the flag of tax reduction, a flag of 1053, production incentives, balanced budget, tight money, fiscal responsibility, but all of those flags really do not go to the heart of what America is all about. I am glad we are having these hearings, because here we are concerned about feeding Americans, sheltering Americans, educating Americans, clothing Americans. These are the gut issues of America, and I think today we may have a chance to zero in on some of the problems and hopefully to come up with some of the answers, and I commend you for the hearing.

Senator KENNEDY. Very fine statements from two members of our committee whose States have been very adversely hit by economic policies.

I think our witnesses can listen to them and they speak with great compassion and conviction, and we are going to be hearing from you very briefly.

I will ask Congressman Hawkins if he would like to make a statement.

Mr. HAWKINS. Thank you, Senator.

On behalf of the House Committee on Employment Opportunities, I would like to file a committee statement based on the findings of the House committee.

I am very pleased that another member of the committee, Mr. Petri, of Wisconsin, has joined us.

Senator KENNEDY. We welcome you, Congressman.

Mr. HAWKINS. I am joining Senator Kennedy, members of the Senate Committee on Labor and Human Resources, and my colleagues from the House in this hearing because I believe that the

American economy is in a state of emergency. I feel moved to speak out in every way I possibly can to secure an immediate redirection of the administration's economic policy and to foster support for full employment policies which will bring about greater productivity, balanced economic growth, and genuine price stability.

Over 14 million unemployed people cry out for jobs. American consumers are still waiting for relief from the escalating cost of the basic necessities of food, fuel, health, and housing. A misdirected Federal Reserve Board policy has compounded and expanded upon economies underlying inflationary pressures, while at the same time has done nothing to really assist us in pulling this country out of the recession.

To say our economy is in a state of emergency is a gross understatement. It is on all scores, both morally as well as economically, the worst performance since the administration of Herbert Hoover more than 50 years ago.

As chairman of the House Committee on Employment Opportunities, I have urged the administration to declare a national economic emergency, and I have urged the President and the Congress to join together to immediately institute antirecession strategies which will not only attack the cyclical unemployment that is occurring, but just as importantly, the underlying structural joblessness that has threatened to tear at the very fabric of our society.

I believe that we must institute immediate, across-the-board controls. We must examine our budget priorities. We must enact a comprehensive job stimulation package, and we must begin to undertake long-term changes in our national monetary policies and tax structures. It is only through such a coordinated balanced approach that we will break the back of this recession and free ourselves from the enslavement of the rollercoaster economic performance which has been the hallmark of the last 30 years of our economic history.

I look forward to these hearings, the suggestions of the witnesses, and I am hopeful that we can meet this threat, the well-being of our country, with immediate and decisive action before and not waiting until after the elections. Otherwise, it seems to me the election is only a charade for the continuation of current economic policies.

Senator Kennedy, I would like at this time to deviate in addition to applaud you and your efforts in behalf of trying to redirect the administration's policies; and I would like also to commend both Senator Metzenbaum and Senator Riegle for their long, full support of full employment policies. I regret exceedingly the many efforts that have been put forward by the Senate and the House and certainly by our long-time friend and ally many, many years ago, the late Senator Humphrey, that we are now engaged in a struggle that really undercuts the very principles for which he and I have slaved for such a long time to have enacted and to have adopted as the economic policy of this country.

It is with sadness that I see that policy being waived out in my opinion, the introduction of the most immoral type of exercise of public authority at this time. I hope these hearings will set us

straight, and I am confident that under your leadership, this committee will be an important force in that direction.

Senator KENNEDY. Thank you very much, Congressman, and Mr. Chairman, for bringing us those words of the statement to the committee.

Congressman Petri, if you would like to make a brief comment, and then we will get on with our witnesses. We want to thank you for coming.

Mr. PETRI. Thank you.

I want to thank you for holding these hearings. I think it is very important to emphasize and draw attention to the strategy that has befallen millions of families in America. We desperately do need policy directions in this country to put America back to work and release productive energy of our people so they can build a better life for themselves and their families.

Senator KENNEDY. Thank you very much, Congressman. We hope that you will participate with us in the hearing.

We have now as our first panel of witnesses Mr. and Mrs. Osborn, from Detroit, Mich. We have Ms. Brown, who is also from Detroit.

We have Mr. Maxwell, who is a truckdriver, from Lima, Ohio. We have Mr. Eason, from Birmingham, Ala., who is a steelworker, and I understand he started working when he was 14 years old.

We have Ms. Ray, from Baltimore, Md., who is one of the finest welders, I understand, and cannot get a job in welding after taking all that training.

I will just say at the outset that I want to thank the witnesses for coming. It is not a pleasant experience to talk over or share your experiences with us in the difficulties in finding employment, and I know you have families which you care very deeply about. I think you have gotten the tone of the hearing with these opening comments and opening statements. We are interested in the human aspects of these issues.

We heard the statistics put out yesterday by the Budget Office and the midterm economic indicators put out by the administration in the early part of the week. These are all statistics and figures. We are trying to figure out and get some sense and feel for what this really means in terms of human terms. We are going to hear from you about it, your stories, and they are really tragic, indeed, really unbelievable, virtually, in this country, in this society; and they are not understood by the American people. I just cannot believe the American people understand the kind of human tragedies families are experiencing in this country that they will tolerate the economic policies which do not permit people to work, who, as I understand from your own personal experiences, have had really a lifetime of work, have left school to provide for your families, gone back to school, been hard-working people all of your lives. We are looking forward to hearing the personal aspects of it. I know they are not easy to talk about.

I hope you will talk about them. By your sharing your experiences with us, we will be able to take the kind of steps that will avoid the conditions which many of you find yourselves in.

We will start off with the Osborn family.

We will hear from both Ron and Rene Osborn, and if you will tell us a little bit about yourselves. I understand Ron is 26 and Rene is 20 years, two children, a 3-year-old girl, and reside in a mobile home 4 or 5 miles from Detroit.

Ronnie, do you want to tell us briefly about your experiences?

STATEMENTS OF RON AND RENE OSBORN, DETROIT, MICH.; ROBERT MAXWELL, LIMA, OHIO; WILLIAM EASON, BIRMINGHAM, ALA.; MAY RAY, BALTIMORE, MD.; AND ARLENE BROWN, DETROIT, MICH., A PANEL

Mr. OSBORN. I worked at Fleetwood plant for almost 4 years.

Senator KENNEDY. Fleetwood plant is in Wayne County, down the river from Detroit, General Motors plant; correct?

Mr. OSBORN. Right. I have worked there. I have never been out of work until last July, and shut down for a changeover, what they called a model change. I got a letter saying "on indefinite layout." Since July 1979, I have still been home, no pay, no nothing. I have had to sell stuff to get food, bills backed up, no health insurance, anything at all. I am still looking for work, which you cannot find it. We are hoping for TRA, but that has not went through yet. Until then, there is nothing I can do but sit and wait and look.

Senator KENNEDY. Rene, you were employed at the Ford plant, laid off in August, then you worked in a drugstore and were laid off in that job in March 1980, and you have just received your last unemployment check for \$114?

Mrs. OSBORN. I have one more to go, this Thursday.

Senator KENNEDY. I understand you have an eviction notice from your landlord; is that correct, from the mobile home park?

Mrs. OSBORN. We were 2 months behind on the rent. It is either you come up with the money or you get out. Plus we have to pay court costs. That is included on it. The court costs for it going through court, and we do not have the money, you know. It is terrible. My kids are always hungry and all I can give them is scrambled eggs on bread. My little 1-year-old does not have no shoes because we cannot buy no shoes because we do not have money. Something has to be done. We cannot live this way.

We have refinanced our car, still we cannot afford to pay for that now, you know. We are going to lose everything.

Senator KENNEDY. That is a 1967 model car?

Mrs. OSBORN. 1978.

Senator KENNEDY. The mobile home?

Mrs. OSBORN. 1967.

Senator KENNEDY. You have \$100 a month rental fee for your mobile home and \$80 per month toward ownership of the mobile home; is that right?

Mrs. OSBORN. Right.

Senator KENNEDY. You started to run low on food, as I understand?

Mrs. OSBORN. Very low.

Senator KENNEDY. What sort of typical week is it?

Mrs. OSBORN. Do you mean how low on food?

Senator KENNEDY. Yes. What do you usually serve to your family?

Mrs. OSBORN. I usually have cans of soup, you know. The only thing that is really ever in my refrigerator, mustard, catsup, mayonnaise, salad dressing, eggs, once in a while, you know. We have bread. The reason why we have food and we eat is because our family, they come over and they give us things. That is the only way. It is bad, you know.

Senator KENNEDY. What about your health-care program?

Mrs. OSBORN. There is nothing. We do not have any kind of insurance.

Senator KENNEDY. You were with a union that has very strong coverage on it. When you lose your job, what happens to your health care?

Mrs. OSBORN. It goes right along with your job. It is right down the drain. If one of my kids were to get sick, what would I do? I have a 1- and a 3-year-old, as little as they are, they need some kind of health insurance because little kids are always getting hurt. What would happen? I would walk into a hospital and they would tell me turn around and get out. They do not want us because we do not have no insurance and we do not have money to pay them.

Senator KENNEDY. Ronnie, you have been going to the unemployment office, as I understand?

Mr. OSBORN. Yes.

Senator KENNEDY. Do you want to tell us about that?

What have you found there?

Mr. OSBORN. They told me to keep reporting back, say, keep in touch for a job. I cannot afford the gas to go there every month, every week, to find out. Every time I go there it is the same old runaround. You have to wait. Come back or keep in touch with us. Every time I do go, it is the same thing: no jobs, no money. Just keep coming back when you can.

I told them, I don't have the gas to run back and forth every day, every week. It seems like they could keep in touch with me by mail, but they do not. They would rather see you spend the last \$2 you have for gas instead of calling me or something.

Senator KENNEDY. You have looked around for odd jobs?

Mr. OSBORN. Anything, gas stations, you name it.

Senator KENNEDY. What about you, Rene? You stated there is just no place to get a job?

Mrs. OSBORN. No, there is not. I go to drugstores, I worked at a drug store for \$2 an hour because \$2 an hour is better than nothing, and then they laid me off. I would take even a dollar an hour to put a little bit of something on the table for my kids.

Senator KENNEDY. What does this mean to your family as well? Has this been something that has caused a lot of anguish just within your family itself?

Mrs. OSBORN. With me and him, it has. The family, mothers—no. Me and him it has very much. It is nerve wracking when you do not have no money. It takes money to do a lot of things. It takes money to have food. He never used to be that way. We always had food on the table and stuff, and it hurts when you do not have it any more, it is completely gone. Nothing is there.

Senator KENNEDY. What do you think is the problem? What is your own assessment of the problem? Why is this happening now?

Mr. OSBORN. Stop foreign imports. That is No. 1. Stop foreign imports. Everything you pick up, it seems like it says, "Made in Japan" on it. Why can't it say, "Made in the U.S." on everything we pick up? Stop foreign imports, like oil. Why can we not use our own, just by what we have, store it, use what we have, instead of paying the high price of what they want? If we are going to put our imports in Japan, charge them the taxes they charge us on our cars over there, or double the price on it, whatever they want.

Senator KENNEDY. What about it, Rene? What is your sense?

Mrs. OSBORN. I feel the same way. Basically, this is the reason why he is out of a job, because of foreign cars. What else is there? That is No. 1.

Senator KENNEDY. How about the general slowdown in the economy, that this has turned itself over to a situation where you have lost your job, too?

Mrs. OSBORN. Ford, yes. I do not know what happened there.

Senator KENNEDY. These are some of the particular problems that younger workers have. I suppose those that worked there in some of the automobile companies have SUB they are able to collect for a longer period of time, are they not? But what you are talking about is working—well, how long did you work there, Mrs. Osborn?

Mrs. OSBORN. Almost 5 years.

Senator KENNEDY. Five years.

And you would like to work, and that is the message I am getting.

Mrs. OSBORN. Yes.

Senator KENNEDY. You do not want to be on unemployment? You do not want to be on welfare? You want to have a job and provide for your family?

Mr. OSBORN. Yes, I do.

Senator KENNEDY. That is your view, too, Mrs. Osborn?

Mrs. OSBORN. Yes.

Senator KENNEDY. Now, if we could go to Ms. Brown. Tell us a little bit about yourself. I understand that you are 45 years old and divorced, two children, 17 and 11, and reside in River Rouge, Mich.

Ms. BROWN. That is correct.

Senator KENNEDY. You were employed in the plant and laid off in December 1979, and you were a chairperson of UAW at the plant?

Ms. BROWN. Yes, sir.

Senator KENNEDY. You have been taking calls for laidoff workers who need food for their families, transportation, which you sometimes provide at your own expense, and receive about 100 calls a week, I understand, from your clients?

Ms. BROWN. More now.

Senator KENNEDY. They call you Ma Brown?

Ms. BROWN. Right.

Senator KENNEDY. Tell us a little bit about what you find from those phone calls. What are people telling you? What are families telling you? What are the mothers telling you? What are the children and husbands telling you? What is happening out there in real America?

Ms. BROWN. Well, Senator, I would like to thank you first for bringing us down here. I did have a prepared statement. It is only 2 minutes. I would like to read it if I can. I would like to submit it because we all agree that this is pretty much what it was. I have talked since December 10, I have went through the book and I have talked to over 920 people since that time.

May I read it?

Senator KENNEDY. Yes, you bet.

Ms. BROWN. I had 250 people I represented. They are now saying they are going to shut down Fleetwood. They eliminated the night shift, and when they eliminated it, I had 11 people to represent, and that was in December.

As community service person for the UAW Local 15, I have had a lot of problems that were minor as long as everybody was working. But I will get into this now.

I am speaking for 310,000 unemployed autoworkers and countless others. The benefit systems in effect now force us to bankruptcy before receiving aid. This guarantees that we can never recover. What would you do if you suddenly had no job, no food, no electric, no heat, no health insurance and no hope? As community services director of UAW Local 15, I see these personal disasters every day.

We were the working class. We don't want charity. We need jobs. And we will no longer take the insult that we are nonproductive. Much of this depression was created by the Government to stop inflation. How long will you stay with a plan that doesn't work?

Just 2 days ago, Chrysler announced another two plant shut-downs—Huber Foundry and Mack Stamping's pressroom. This will add another 2,000 to the ranks of the unemployed. You guaranteed Chrysler \$1.5 billion, yet what have you done to guarantee the jobs of the Chrysler workers?

No one seems to be concerned with this. Just this week, Charles L. Schultze, chairman of the President's Council of Economic Advisers, refused to say what policy actions the administration contemplated to improve the prospects of the economy.

You have heard about the "new rich." Well, we are the "new poor." We are angry and intelligent and we know what needs to be done.

Plant closings must be stopped. By law, industry must be made to give 1 year's notice before closing, moving, or cutting their work force. For those out of work, money is needed right now. Instead of cutting unemployment benefits, extend them to 24 months. We need full national health insurance. You secured Chrysler's loan; why can't you secure the debts of laidoff workers to keep us from going bankrupt?

When Mount St. Helens erupted you found money for that disaster. When the Cuban refugees arrived you again found funds.

It is a greater national emergency when unemployment is heading to 8.5 percent and the gross national product drops 9.1 percent. You always told us this was the richest country in the world. Why isn't there any money for us?

Let the President and Congress immediately transfer unused military appropriations to the cities in distress for emergency relief.

If the Government fails to correct this situation immediately, do not expect the American workers to sit idly by. Already, the poor, the old, the sick, the minorities, those working and those laid off, are beginning to stir. From this alliance will come a powerful fighting force that will get what is rightfully ours.

I thank you for that.

You want to know about people. I want to show you, Senator Kennedy, august members.

I am a child of the Depression. I had rickets. A ball cannot hit me. It breaks [indicating]. If we had had national health insurance in 1934, I would not be like this. But now the children of laidoff workers will have the same problem.

I had one young man who was 22 years old. He had a wife. He worked at Fleetwood. Unfortunately, he had very little time. He got laid off. He had enough time for a little bit of insurance. He had a 1-year-old baby and another one on the way. He was in the hospital with a nervous breakdown. His insurance ran out. I got to him that day and he had no lights and there was no food and he did not know what he was going to do. He was afraid his child would be born deformed because they had been eating anything they could get ahold of, chicken necks, beans. He did come from a family that had any kind of resources.

I went to churches. I got food, went to the union hall. They allowed me to go up on the floors. We took that money and we paid for his lights. By the time I got back to the hospital to see this young man, the hospital had released him because he no longer had insurance.

I went immediately to their home. Unfortunately, I arrived there too late. The police were there and the mortician's car. He had hung himself.

We want to work. We need insurance. We need food. By God, we need food. A lot of people now are calling me and saying, I am out of unemployment; I have no SUB, and I went to welfare, but welfare says we cannot get anything because we are going to get TRA. We have not got TRA. When we get TRA to get coverage for an insurance loan, \$125 per family, \$55 for a single person, when you have got to feed your family and you have to keep some kind of money aside for medical—TRA is not going to do it for us.

I find that your CETA programs are good as far as they go. But it does not answer. We fall through the cracks. There is not a concentrated effort, just a patchwork thing. I myself have two children, 17 and 11. I went down from \$140 a week to \$77, and now I am spending \$50.

On August 9, everything will be gone. I will not have any money coming in. I will have no insurance. I will not have one penny for food and I fall through all of the networks that seem to be.

I do not know, but I tell you, if I have a heart attack, my home, which I paid \$13,500, will be gone in a month. If my sons get hurt, what are they going to do? If I cannot get them into a hospital and they die, then I tell you, somebody else is going to have a problem, too.

Senator KENNEDY. These are the fears that you have?

Ms. BROWN. Definitely.

Senator KENNEDY. You mentioned about being able to provide food on the table, a concern which both you, Ms. Brown, and the Osborns share, both having small children, and every day they live in fear of whether their children are going to be sick or well, and they know they are not providing the kind of nutritious food for young children to be able to be strong and remain healthy. This is the kind of anxiety and fear. These are the kinds of concerns that do not show up in the statistics, the balance sheets. They are taking place in this country, and in a very real way. You express them extremely well. It is part of the challenge for us in this country which is, as you express, a very powerful, strong and great Nation. We ought to be able to get economic policies for people to have jobs and job opportunities, and people like yourselves who have been hard-working people all your lives, who want to work and provide for your families. That is part of the American dream. It should not be denied, as it has been.

Mr. Maxwell, could we hear from you, please. Would you tell us where you live and how large a family you have?

Mr. MAXWELL. I live in Lima, Ohio. I have one teenage daughter at home plus a 22-year-old son that is laid off from Ford. He has 6 weeks of unemployment benefits left and his extension and everything will be out. I am still taking care of him.

Senator KENNEDY. How do you make your living?

Mr. MAXWELL. Steel hauler, truckdriver. I haul steel for the auto industry, also haul imported steel for the auto industry.

Senator KENNEDY. Do you own your own truck or are you still paying for it?

Mr. MAXWELL. I am still paying for it. For the last 2 or 3 years, things have been going down, and we had to go back and refinance part of the truck.

Senator KENNEDY. How many years have you been driving?

Mr. MAXWELL. Eight years. The cost of all repairs and fuel and everything has pretty near tripled in the last 2 years. Wages went up about 2 percent. There is just no way you are going to make ends meet. You just survive and try to make a living and that is it.

Senator KENNEDY. What income are you receiving now? How much a week?

Mr. MAXWELL. I get \$143 a week.

Senator KENNEDY. How long will your unemployment last?

Mr. MAXWELL. About 2 months yet.

Senator KENNEDY. Two months. Then what is going to happen?

Mr. MAXWELL. I am going to have to beg, borrow, or steal. This is the first time in my life—I am 49 years old, laid off three times—this is the first time in my life I could not find a job anywhere.

Senator KENNEDY. You have worked your whole life effectively, and this is the first time you have not been able to find something. With your truck payments, housing, utilities, what does that cost you generally per month?

Mr. MAXWELL. Around \$600 a month.

Senator KENNEDY. How much?

Mr. MAXWELL. About \$600 a month.

Senator KENNEDY. Are you worried about having to sell your truck?

Mr. MAXWELL. Yes; because I do not owe that much on it, and I know the bank would like to get a hold of it. They could make a gravy haul out of it.

Senator KENNEDY. You have saved a lot and now you are worried about having to sell that truck and things which you have enjoyed.

Does your family have any health insurance?

Mr. MAXWELL. None whatsoever.

Senator KENNEDY. What happened to it?

Mr. MAXWELL. When I lost my job, when I got laid off, that was it. Fifteen days after I was laid off, there was no insurance of any kind.

Senator KENNEDY. Does anyone in your family have health problems?

Mr. MAXWELL. Luckily not.

Senator KENNEDY. With your loss of business, and the unemployment compensation being cut off, and you cannot afford health insurance, you are in danger of just holding onto your truck, what do you see for the future?

Mr. MAXWELL. Nothing right now. I figure if I sell that, I am going to be out digging a ditch or something. I am getting too old to go back into a factory to work. You tell them how old you are and they back away from you.

Senator RIEGLE. Plus there are not any factory jobs available.

Senator JAVITS. Why are you not entitled to the extended Federal unemployment compensation for an additional 13 weeks after your first drawing on the State unemployment? You said 2 months.

Mr. MAXWELL. I probably will be. I hope that I do not have to run it out. I am trying to find something. I do not like unemployment. I never did. That gripes me more than anything in the world to have to go down and sign up.

Senator JAVITS. We are thinking about you and your welfare more than your own feelings. Be sure you do not forget about that because that may be important to you.

Mr. MAXWELL. Right. The way this came about, I went in to see about TRA because my job actually consists strictly of automative, and they told me I had to get two other guys to sign a petition, even try to get it. Well, I live in the center, the nearest one I could get to was either Detroit or Middletown. When you have no money, you do not get out and drive 100 miles to try to find somebody.

Senator KENNEDY. Mr. Eason, you are 34 years old, and your wife is 32 years old. You have two sons age 9 and 10. You reside in Leeds, Ala., near Birmingham. Is that correct?

Mr. EASON. Correct.

Senator KENNEDY. 7,000 or 8,000 workers have been laid off in the steel plants. You were laid off just recently, about a month ago; is that correct?

Mr. EASON. June 27.

Senator KENNEDY. For how long were you employed before you were laid off?

Mr. EASON. I have been in the steel industry for 15 years.

Senator KENNEDY. How long?

Mr. EASON. Fifteen years. I have only been at United States Steel, missed SUB—I lack 2 months being able to receive that. Due

to that fact, all I am able to draw is \$90 a week, which is the top State unemployment. My wife brings home \$500 a month.

Going back to working, I started working when I was 14 years old. I had to work my way through school because I come from a poor family. I graduated in the top three of my class. I graduated with a straight A average. I also drove a schoolbus while going to school. When I graduated, I went 2 years to Jacksonville State University where I borrowed money from the Federal Government. I had to pay all of that back. Then I had to quit college due to the fact that I did not have any more money and could not borrow any more money, then I went to work for American Cast Iron Pipe Co., which is a steel-related factory. I worked for them for almost 9 years, after which I went back to school and took a mechanical maintenance apprenticeship program which consisted of 4 years. I had to pay for that.

From there I went to Stockland Valve, and they also make pipe fittings. They are in the steel business. From there I went to United States Steel. I was foreman at Stockland Valve, and I went to management training school at United States Steel. But what good are all of these diplomas that I have? They are no good whatsoever because you cannot find a job. I stood 8 hours in line at the State unemployment office trying to sign up for this \$90 a week. It takes \$5 a trip to go there. But yet you have to make four trips before you get a check. They do not think about the man that is broke, that is out of work. Why could not this type of transaction be carried by mail? Fifteen cents, you fill out the form, and then it can be done by mail instead of a man that is broke, that has a family to support and all that, having to make these trips weekly.

I, at United States Steel was bringing home \$1,500 a month. That was my bring-home pay. My wife and I together were bringing home \$2,000 a month, a round figure. We saved for 4 years every penny that we could save.

Senator KENNEDY. That is a pretty good family income, \$36,000 a year, was it not?

Mr. EASON. Last year we made \$39,000.

Senator KENNEDY. What is happening to you this year?

Mr. EASON. What we are doing with everything we could possibly save was we bought a new home because the steel industry at that time—well, job security looked permanent. It looked real good. We thought well here is a good buy on the dream house that we want. Now is the time for us to buy it. We bought it, and my bill is now \$1,400 going out and \$860 a month coming in. I have a cyst or tumor of the pituitary gland, which—and now I have no medical insurance whatsoever, and every 2 years I have to go into the hospital for all of these series of tests to make sure that this tumor is not growing. It does not affect my work. I want to work. I do not want to be unemployed. I have walked street after street, knocked on door after door, had doors shut in my face and all of that. But there are just no jobs available. We have got to have some help. I am speaking for thousands and thousands of people at not only United States Steel but other related industries that are affiliated with us that are being put out of work due to the fact of foreign imports. That is one of the biggest factors that is shutting us down in the steel industry is foreign imports. Why not tax them to a

point to where we can compete with them? They are making so much steel over there that they are dumping all theirs over here on our doorsteps at what we would consider scrap prices. Why not also give our companies tax breaks, tax breaks to where if they can depreciate the machinery and new equipment and buildings in a lot shorter period of time than the 20, 25, and 30 years like they are doing at the present time—in Japan they have all the money they need for new buildings, equipment, whatever, and we need to kind of look at the factors that the Federal Government is putting on, like on pollution. It shut down our blast furnaces, shut down our open hearths, and cost \$120 million—

Senator KENNEDY. What you are basically saying is that these other countries have modernized and reindustrialized their own industries, like in steel and other major industries, so that they are able to produce and perhaps even dump here in the United States, but they have got efficient, modern plants that are producing and that we are not doing the job that needs to be done here at home in terms of modernization and reindustrialization, so that men and women are going to be able to work and find jobs and compete.

Mr. EASON. Their government is subsidizing them, giving them big tax breaks, when our Government does not even consider that.

Senator KENNEDY. I want to thank you for your statement. It is amazing that you are talking about your family's income, about \$40,000 a year last year and this year, and worked since you have been 14 years old. You are prepared to go back out and work again and you just cannot find those opportunities.

Mr. EASON. Health insurance alone, I called Blue Cross just before I came here, and health insurance alone is going to cost my family \$120 a month. We have to have it because I have two sons, and one of them has to see a dentist at least once every 2 months with his front teeth—

Senator KENNEDY. You had better check your insurance policy, make sure that it covers dental care. Oftentimes it does not.

Mr. EASON. I was fixing to say that \$120 policy that they will sell me, Blue Cross, does not cover dental. Like the insurance I had at United States Steel had a dental rider, and also optical rider on it.

Senator KENNEDY. You have been advised to take disability, though. You made reference to that.

Mr. EASON. Right.

Senator KENNEDY. You prefer not to?

Mr. EASON. In 1970, when they found a tumor on my brain, they said, you might as well give it up and go on social security. We can get that for you easily. I laughed in their faces. I said, I do not want anything from anybody free. I said, I may have worked all my life or most of my life—

Senator KENNEDY. Since you were 14.

Mr. EASON. I have worked 20 years, and I do not want any kind of charity. I want to work. But I have got to have a job. There are no jobs available.

Senator KENNEDY. It just seems to me that we in this country ought to be able to devise an economic system which permits someone like yourself, someone like the other panelists we have heard, the opportunity to work. We ought to be ingenious enough, be smart enough—we have the resources; we have the knowhow;

we have the technology, the political system—we ought to be able to provide people the opportunity to work. That is all any of you are asking. And failing to provide those kinds of opportunities, is, I think, just failing in our responsibilities to meet the real—our responsibility is to the people, and all the human tragedies that we have heard expressed here, anxieties, fears, frustrations. We are listening to people this morning who have worked over their lifetime, want to work, have been productive members of our society, and now, because of economic policies are effectively finding doors of opportunity closed to them. It is a sad indictment of our economic policies.

Mr. EASON. Within the next 3 months, I will lose my new home. I have some \$15,000 tied up and they will foreclose on it. I had an \$8,000 automobile that I only owe \$1,200 on. The bank would love to foreclose on that. But I do not have the money to pay the other \$1,200 off. People like me who had less than 2 years at United States Steel and are not entitled to SUB, then we need TRA like Ford got it.

Why did they get it? Why did St. Joe's Zinc get it? It seems like selective choosing of certain companies that are getting TRA.

Senator RIEGLE. If I could just make a comment on that to the witness. You are exactly right. The TRA program is very uneven. The coverage, for example, does not reach Mr. Maxwell. And he is in a very awkward position to even apply for consideration, although he is directly impacted. Not only does the program need to be funded so that everybody that is hit is covered, but the coverage needs to be expanded. But even TRA is not the best answer, because we just increased the appropriation by \$1 billions—by \$1 billion—to finance the program just through the end of December. What we are in effect doing is we are paying workers to be out of work.

What I am hearing from all of you is, you are here asking to get off the welfare system. There is so much talk in America that people use the welfare system as sort of a whipping issue, and here we have a table full of people who are asking for a chance to leave the welfare system and get back to work. Yet, somehow or other, we are so insensitive or stupid as a nation in terms of our national policies and response that you are knocking at the door asking for the chance to work, and it is like no one is listening or no one cares and no one wants to respond.

I just want to say one other thing at this point, and that is, I hope the national press that is here and others that are in the room will see to it that these facts, these human facts, not just six people at the table, but the millions of people that they represent, have a chance to be heard and have a chance to be looked at. We get a dose of news every day on everything under the sun, and a lot of it is of questionable relevance when you compare it to the kinds of misery and life-and-death issues and considerations that you folks are facing. I mean, the scale of this economic tragedy goes beyond what most people in this country begin to comprehend.

I think the press, as do we here in Congress in elected positions of policymaking have a special responsibility to see that those facts are driven home. If we do not get that job done, we are as much

responsible as the people who are I think constructing policies that have made this mess.

I hope, speaking for myself and the committee, that we will do our job and people here have to help deliver this message to a broader public, and will also feel a keener sense of urgency about it and try to get some of this awareness out to the public where we need to have it if we are going to see any real pressure for change.

Senator KENNEDY. Excellent statement.

Ms. Ray, we would like to hear your story, if we could.

I understand you have four children, two daughters and two sons; is that correct?

Ms. RAY. That is correct.

Senator KENNEDY. Tell us about your job experience; what type of jobs have you held?

Ms. RAY. When I first got out of high school, I worked in a hospital. Then I worked in factories. All my kids were small. I stayed at home with them. So I have been out of work about 5 or 6 years. I have been constantly looking for work now. My sister told me last year, she said, why do you not go to Manpower and they will help you find a job since you cannot find one.

I went to Manpower. They said, OK, since you have not worked in a while, we will put you through school under the CETA program. I went to school under the CETA program. I trained as a welder. They told us we would have no problems getting a job because there were plenty of welding jobs available. The problem is when you go to apply for these jobs, they tell you, we want someone with at least 3 or 4 years experience. If you ask them, how do you get that experience when no one is willing to give you a job, you do not get an answer. People sit up and say, well, people living off public assistance do not want to work. That is not true. That is why I am here, because I want to work. I do not want to live on public assistance all my life. I want to be able to give my kids a decent education, but I cannot do it like this.

Things are really bad out there. The system is designed to keep us on welfare, to keep us poor. They tell us to sign up for WIN, Work Incentive program. They cannot help us. They get the newspaper and do the same thing I do: look in the newspapers and they sent us places.

We have to borrow money to go to different places, to fill out the application. When you get there, they tell you we are no longer accepting applications. Then you borrow money to get back home.

Last week, the WIN program sent me to the unemployment office to sign up there. They tell me that they cannot help me unless I am out of WIN. If I am out of WIN, they will cut my social service check off. What am I to do? It is really bad.

If you walk up and down the street, the unemployment offices, the social services offices, the people are angry because they cannot get jobs. They are frustrated being told to go this place and that place and other places. There is nothing out there.

Senator KENNEDY. You receive on public assistance, as I understand, about \$377 a month?

Ms. RAY. Yes.

Senator KENNEDY. If you include your monthly utility bills, the rent and phone you must pay, how much does that leave you to feed yourself, your family, and to buy clothes?

Ms. RAY. Well, very little.

Senator KENNEDY. About \$60 a week?

Ms. RAY. I get food stamps, \$165 a month in food stamps, which last about 2 weeks. If I catch a good sale, maybe three.

Senator KENNEDY. Do you find trouble feeding your children now as well?

Ms. RAY. Yes.

Senator KENNEDY. As you look to the future, what is it you want for your children?

Ms. RAY. I want to be able to give my kids a good education. I finished high school, but that is as far as I went in high school. But that diploma is not worth the paper it is written on. That is why I want to be able to send my kids through college, and as far as they can go; because just a high school diploma, that does not work.

Senator KENNEDY. You are prepared to work hard to see that is done?

Ms. RAY. If I could get a job, right.

Senator KENNEDY. You spent a good deal of time trying to find those jobs, and you just have not been able to find their availability?

Ms. RAY. No.

Senator RIEGLE. Plus you have specific job training. You have a professional skill that you worked to acquire?

Ms. RAY. Yes. I trained and certified as a welder under the CETA program. But I still cannot get a job at it. I have nurse's aid training. I cannot get a job at that. I have factory experience, and I still could not get a job at that either. Either way, I am still in a bind. I still have to accept public assistance in order to survive.

Senator KENNEDY. You want to work?

Ms. RAY. Yes. I would rather work.

Senator JAVITS. Mr. Chairman, I would like to ask some questions.

Senator KENNEDY. Yes.

Senator JAVITS. The testimony of this panel is the song of millions of Americans, as has been properly said. I do not feel that the United States is remotely at the end of the road in what it can do for the unemployed. I do not think that we feel here that we are at the end of the road. We realize the tremendous strains and tremendous suffering which is involved.

Personally—and I think it is characteristic of my colleagues, we want to do much better. I would like to ask a few questions which could help us. I hope any member of the panel will feel free to volunteer and answer.

I know, for example, Mr. Eason has had various suggestions as to what we might do as a government. May I ask all of you whether that is your main point or whether your main point is that you rely on us to find a solution which will make possible an easing of your burdens. In other words, while you have, like every other citizen, opinions about what we ought to do in governmental matters, what you want is a result from us. You are not all that determined about your own particular solution.

May I have a comment on that?

Ms. BROWN. I think you have said it pretty well. You are all elected. You had to have had some respect from your constituents. You have the ability to decide, I am sure you can come up with it. All we want and we need is jobs, and we will take care of the rest. We need jobs and we do need some insurance. We also, Senator, in the meantime, while you guys are making up your minds, which seems to take a long time, we do need some help.

Senator JAVITS. Having personally sponsored all the unemployment insurance bills in the last session, I take that much to heart.

The other question I would like to ask you is this: The feeling about work and about jobs, and also the feeling that Ms. Ray has just expressed, that governmental training seems to be something of a dead end, because there is a yard missing on the bridge between having the training and having experience.

The question I would like to ask you is this: Do you feel that time spent in education and training, if there were a job at the end of the road, would also be a satisfactory effort for each of you; that is, that you would be perfectly willing to take a period of time, provided you had reasonable support while you were doing it, for education and training to be really prepared for a modern job, if you could see a job at the end of the road?

Mr. EASON. I certainly would, due to the fact that, like I say, I have four diplomas hanging on my wall in the house. What good are they doing me? I believe anybody that has any forethought about themselves or the family or the future would certainly be willing, under those conditions, to accept with the support, the opportunity to go and get further education for any kind of a job or a lasting job.

Senator JAVITS. Similarly, around here, we have on occasion talked about relocation allowance; that is, to enable a person unemployed and in whose area there may be an economic deficiency to move to another area, at least like Ms. Ray, where there are better conditions for a job.

Is there an objection to that when a person is unemployed?

Mr. EASON. That was one of the questions when they sent me to the employment center. I first had to go to the unemployment center and then from there to the employment center, and I have to check back with them weekly or every 2 weeks in order to draw State unemployment. That was one of the questions. Just like I put down on that application, it does not matter where the job is if it will support my family and give them insurance, I will go anywhere on any kind of job.

Senator RIEGLE. Will you yield on that point for a comment?

Senator JAVITS. Yes.

Senator RIEGLE. If we are, as I believe we are, in a unique transitional period where a host of things have hit us at once, where there are consequences that are not only normal consequences, where you have people like Mr. Eason, who has four diplomas, and clearly is trained to work as is everybody at the table, and is locked in a place where he cannot find work, I think where there are regional problems of this kind, we are going to have to design some new mechanism that enables you, or Ms. Ray, or whoever, to have the chance to go to another part of the country

if there are vacancies in your area of preparation and skill, to be able to see if it is possible to get hooked up there.

I feel that Government ought to assist in locating those possibilities, ought to finance the ability to go. If you do not have money to get there, then it is impossible to even think about it. I think we are at a point where this problem of skill, which is new and different in many respects is going to require that kind of additional structural kind of help. I would hope, Senator Javits and Senator Kennedy, that you and I and others could work together on creating some kind of mechanism that is needed today—not that that is the whole answer to the problem—but the fact that the Government today is acting like there is a “Gone Fishing” sign on the door when you ask for consideration of that kind of particular problem. I think we are going to have to chance that.

Miss BROWN. Can I respond to you. I think other than Miss Ray, all of us here have worked, we were making upwards of \$30,000. I have degrees, I will go anywhere at any time to get a job. I have a 1976 Nova, 6 cylinder, that people would buy, but what would I replace it with? I think there has to be a comprehensive thing. How can Miss Ray get a job when there are people sitting at this table that have degrees that will take her job or any other poor person's job? The jobs just are not there. We will move. We will do anything. We like to work. We have always worked. We have never even during the Depression with eight children did my father go on welfare. I am not either. If I have to go to the street, I am not going to go on welfare.

Senator KENNEDY. I will just make a final comment. I think all of us are very mindful about the difficulty that unskilled individuals have in our society at trying to gain employment, the poor, the needy, unskilled, young people. What we have heard today before our hearing is the fact that here are men and women who have some very, very special skills, members of the Auto Workers who worked for 4 or 5 years and have demonstrated craftsmanship and skill, and we have had truckdrivers that have been involved in that business hauling and knowing that industry, and knowing that business, and now finding the danger of losing both their truck and other assets of their life.

We have had a steelworker person that has worked since he was 14 years old, and had a family income of \$40,000 a year, and is now wondering whether they are going to lose their home, plus their car, and another individual who has skills in two or three different areas, and still they cannot find gainful employment. The stories we have heard today are not only loss of jobs, but I think the point that has been so moving is what it has meant in terms of your own quality of life and the quality of your family's life and the quality of your children's life, that you are living in real fear about whether your children will be sick and ill, and how you are going to be able to provide for them, or whether you are going to be able to provide decent food for them that you know will be necessary, that they will be able to grow into healthy young people, concerned about whether you are going to be able to own your home or whether that is going to disappear or whether your livelihood, which may be a truck in these circumstances, whether you are going to be able to hold on to that.

Make no mistake about it. The economic policies have been set by a national administration that says that we are going to fight inflation by putting people out of work, and you are the ones being put out of work. This is a policy which I strongly differ with and with which I take strong exception. There is no issue before the American people which is more important than insuring that people are going to be able to find jobs and provide for their families. We have heard eloquent testimony this morning of men and women who have worked over their lifetime, who want to work, who reject the idea of public assistance and unemployment, and trade adjustment assistance, who want to work and provide for their families.

This country ought to be able to develop the kinds of economic policies to be able to do so. It is inexcusable if we do not.

The unemployed people that you represent across this country ought to understand that. We have no responsibility before this country which is more important than putting America back to work again.

I just want to give you the strong assurances of my own very deep commitment in that area and my desire to work in every possible way to see that that aspect of the American dream is going to continue in this country being able to work and being able to provide for the family.

I think that is the bedrock of our whole society and whole system of equity and justice and fairness and the kind of quality of life which makes us all proud of being Americans.

I want to thank all of you very much for your appearance here this morning.

Miss BROWN. Thank you.

Senator KENNEDY. We will ask our next witnesses if they will please come up to the witness table: Harvey Brenner, professor, Johns Hopkins University; Studs Terkel, writer in Chicago; Paul Barton, who is vice president of the National Manpower Institute; and Rudolph Oswald, director of research, AFL-CIO.

Dr. Brenner, we will start off with you. We are going to move the hearing along as fast as we can. They have started voting, but I am going to continue to remain here in the hearing room. I think this is an enormously important hearing.

We want to hear from all of you because you have got important stories to tell. We will start with Harvey Brenner. We will include all of the testimony that has been provided, and it will be included in the record as if read. We will ask you to summarize it.

STATEMENTS OF M. HARVEY BRENNER, PROFESSOR, JOHNS HOPKINS UNIVERSITY, BALTIMORE, MD.; RUDOLPH OSWALD, DIRECTOR OF RESEARCH, AFL-CIO, WASHINGTON, D.C.; LOUIS "STUDS" TERKEL, WRITER, CHICAGO, ILL.; AND PAUL BARTON, VICE PRESIDENT, NATIONAL MANPOWER INSTITUTE, WASHINGTON, D.C., A PANEL

Dr. BRENNER. I would like to begin by pointing out that for the last 50 years we have known certainly in the United States that virtually all of the major sources of social pathology, whether we are referring to mental disorder, maternal and child health problems, infectious diseases, mortality rates and illness generally in

the United States, has been shown to be universally related to income and employment status. These studies over the last 15 years or so have been developed as well over time. Perhaps the single clearest and most consistent relationship between economic change, deleterious economic change, and social pathology occurs with the suicide rate.

The suicide rate, especially in the United States, is one of the most acute economic indicators. It rises whenever unemployment increases and it is very largely accounted for by changes only in the state of the economy, in the United States, and especially in industrialized societies.

I refer to figure 1 of the testimony this morning. The charts that are before you—

Senator KENNEDY. What does that mean? They have estimated now we may go up to 9 percent. Some have estimated 10-percent unemployment. Translating on those figures, what would those mean in terms of additional suicides?

Dr. BRENNER. For 1-percent increase in unemployment, we estimate as a result of several studies roughly a 4.1-percent increase in the suicide rate in the United States, every time the suicide rate increases by 1 percent. Similarly the homicide rate tends to increase. The total mortality rate which one can see from the chart in green and red, where red represents changes in mortality, the total mortality rate in the United States tends to increase by 1.9 percent, for an average increase of 1 percent of unemployment rate. We also see to the left of that, total mortality chart, infant mortality again in the United States, infant mortality rate also increases quite predictably with changes in unemployment.

Senator KENNEDY. If we could, using these figures in here, what we are basically saying is with 1-percent increase in the jobless, we are talking about going up to 8.5 and perhaps 9 percent, and we are talking maybe another 2 to 3 percent [indicating], so with that number close to 1,000 suicides, well this will go up to either 2,000 to 3,000 approximately according to your statistics based upon your studies, and the homicides again will increase two or three times that amount, close to 1,800. We can take these figures here and extrapolate on those, and also the deaths from cardiovascular, also admissions to mental hospitals, admissions to State prisons. By the time you get admissions to State prisons, that is a rather small percent of the individuals that are arrested, and tried, and found guilty, and actually sentenced, and actually go to the prisons. That would indicate that the crime rate is probably a great deal higher certainly than reflected in that. It varies extensively in different parts of the country. But you are talking maybe 4 or 5 percent for the crimes that are actually committed in violence, individuals that actually go to Federal and State penitentiaries. We are talking about very significant increases.

If I could, just in terms of employment versus mortality, if we could understand those statistics, going back over the period of time from 1900 right up to 1960, could you just give us again, in a capsule form, what those green and red lines mean?

I believe I understand it, and that is as employment figures go down, dramatically illustrated by the 1930's, mortality increases rather dramatically. What we have seen in subsequent years, as

employment has gone up and stabilized, mortality rates have gone down. How do you compensate for that for longer life expectancy now? As I understand, you have taken that into consideration. I think we know generally even though in 1890 the life expectancy was 42 years and now it is 72 or 73 years, and depending on male and female and different races, but the fact is that these statistics which you are showing here have taken that into consideration as I understand it?

Dr. BRENNER. Yes, Senator; that is exactly correct. Indeed you make a very important point by indicating that over long-term trends what we have observed in the United States and most industrialized countries is very considerable long-term decline in mortality rate, largely due to economic growth according to the studies that we have done and precisely as you have indicated largely due to stabilization of the economic situation, so we do not have the kind of aptitude of economic change that we used to.

Senator KENNEDY. Now, infant mortality also follows similar patterns?

Dr. BRENNER. Infant mortality for every single age, for both sexes, and virtually all regions in the United States, the effect appears to be indeed somewhat more dramatic even for elderly and the very young than it does for working people since they are much more likely to become ill and die. We see at least a 2- to 3-year lag of decline in employment with increases in mortality rates, and this is believed due to the fact that people first of course become ill over a period of time before death can possibly occur. But importance of this is that the individual once having become ill again finds it difficult to readjust, reintegrate into the economy, to find work, to find new sources of income.

Once illness is present in the population, the situation becomes much more difficult for any individuals caught there, which seems to be much of the explanation for these very strong relationships.

Senator KENNEDY. You not only have that, but usually they lose their health insurance as well. Good unions maybe keep them 60 or 90 days. Most of them we heard this morning are 30 days and they can pick it up if they can afford it. But, of course, then they are on unemployment compensation and cannot afford it, as we heard from just about every witness here this morning, with the exception of one, that they were not able to continue to afford health insurance and at times they are finding increasing illness and sickness. Those are statistically demonstrated at a time when you need it the most, under our health care system you get it the least.

Dr. BRENNER. Yes, Senator; this is most dramatically indicated in infant mortality rates here [indicating]. We have seen with declines in the economy quite predictable increases in infant mortality rates.

Senator KENNEDY. I think what your testimony is showing, and I think these are the studies that we pay a very serious cost, society does, not only in statistics and figures which I think generally Congress is aware of, and that other chart over there, about 2.5-percent rise in employment, the billions it costs in Federal payments, and the losses in GNP losses, but we are talking about unemployment, food stamp programs, and other programs, pay billions of dollars in that area. But what I think you are talking

about here is the effect that it has on the quality of life, suicides, homicides, crime, health problems. Your testimony is that over a period of years where you have been able to track the rise and fall in employment, it has a realization and dramatic effect and impact just on the quality of life of the people in a society?

Dr. BRENNER. Yes, Senator; in fact these are the hardest data one can use in these types of studies. They are deaths and institutionalizations. Of course they are the very tip of the iceberg.

Senator KENNEDY. You do not have divorces in here and other kinds of things which we could get into as well.

Dr. BRENNER. Very true.

Senator KENNEDY. Let me just ask you a question off the wall. Do other countries have the same kind of problem?

Dr. BRENNER. We have done studies now in nine countries in North America and Europe, including countries with much more extensive economic stabilization systems, such as Sweden and West Germany. And the same general patterns do prevail in our industrialized societies. Few of them tend to have the types of unemployment rates that we do, however.

Senator KENNEDY. Can you reach the conclusion—there is Sweden and you have this relocation and other kinds of factors—is it less of a factor in those societies?

Dr. BRENNER. Yes; it seems quite clear from studies we have done over the last 2 years that where, in fact, the unemployment rate itself is lower regardless of the character of recession, there is not quite the impact we have in our country on these various sources of death.

Senator KENNEDY. So if communities themselves have a higher percentage of unemployment, it has sort of an exponential kind of growth effect in terms of some of these statistics, does it?

Dr. BRENNER. When we look at counties, and provinces, and States in our country, in those States unemployment rate is higher, we will find higher death rates, higher crime rates, and higher rates of mental hospitalization.

Senator KENNEDY. Mr. Terkel, could we hear from you. You have been one of the great writers and I suppose one of the great educators in our country, an eloquent voice for workers in America. You have talked about jobs and people who work and people who do not work. You have been a legend in your own right, and probably someone who has given a great deal of thought to this particular problem. We would be interested in hearing from you.

Mr. TERKEL. I was thinking that this hearing is so unreal, yet it is so real. I cannot take my eyes off the red and green study of Dr. Brenner, employment versus mortality. For the year 1930, the green which is "life" is way down, jobless, and the red is "death" and it is way up, joblessness.

I am starting to think, am I crazy? Am I goofy? We all heard moving testimony of six hard-working, decent, intelligent people looking for a job and finding it. Senator Metzenbaum was talking about the hearing he recently attended of the Budget Committee: the economists are talking about incentives, and industry is going to be great if left alone, if deregulated. It is always a matter of deregulating something when the guys are on the make. Economists are talking with voices of authority.

We heard those voices before. Think back, it is though as the time machine is stopped. It is 1930. The same voices were heard then. Then came the crash, These voices were still unaware of the nature of the crash. Just leave us alone, we will do it.

I remember meeting some of these guys. I asked them years later: "What happened?" They said: "We do not know what happened. We waited for an announcement." These were the wise men.

We hear the same wise voices again. I find them clones of those 1930 voices. Yet they speak with such authority. We hear these other voices that are despairing and desperate, and this crazy split is here. Have we learned nothing from the 1930's, from the depression of the 1930's? Are we like the Bourbon kings who remember nothing and learn nothing?

It appears that way from those who are in authority at this moment.

I think of the hotel my mother ran. It is directly related to the testimony today. She ran a working man's hotel in Chicago in the 1920's and 1930's. Before the crash the guys were working. They were skilled craftsmen, tool and diemakers and carpenters. The lobby was empty during the day. They came in at night and there were lots of arguments and discussion. And then came the crash. I was a kid in the lobby and I saw what was happening. They were now sitting around and they were idle. Something happened to their sense of self-esteem. They got into fights, got drunk, and they were slashing away at each other.

This happens when a person is desperate, hits the person nearest him, family tensions. Very often the attack is on someone of a lower bracket, the lower stratum of our society. Instead of saying hey, what is this about?

The difference between the 1930's and today is that a great many people in the 1930's blamed themselves. Then it was: It is my fault, somehow I sinned. Today there is less of that. As Miss Ray points out, as Miss Brown certainly pointed out and their four colleagues, they are not going to take it the way their antecedents did in the 1930's.

This is something that I find surreal. The kind of conversation we hear, guys on 6 o'clock news, et cetera; talk about incentives, leave us alone, we will do it.

I say am I goofy?

One of the reasons I undertook "Hard Times, An Oral History of Depression" is that I found young people did not know anything about it. They knew it in the form of a bawling out. "You never had it so good." Many of the young people said they were never told what it was really like, the sense of terror at losing the job.

Then, too, people went on relief. It was called relief then, not welfare. Others called them relief bums just as people unemployed today who are in despair are called welfare bums. I think this callousness, this insensitivity has to be met and challenged now or else—there will be many Miamis, many Watts, many Detroitis. It is inevitable. Again we come back to the question: Have those authoritative voices not learned anything.

We have kids on street corners. There is crime in the streets. Of course there is. What are young people full of energy to do with

their time? They have energy. If there is no job, it has to go antisocial. The very nature of a job itself would take up time, plus something more important, that sense of self-esteem that our six visitors had. Their sense of self-esteem. That is what a job means. A country has self-esteem or it does not. It amounts to that.

Of course there were protests in the 1930's.

Senator KENNEDY. And demonstrations. Certainly it was of a different character than we have seen at other times.

What is your own sense now what we might expect with this kind of alienation, this kind of frustration, and with the projection that these statistics are going to get even harsher? What should we as a country expect?

Mr. TERKEL. There were in the 1930's demonstrations, a great many. And as one guy says, a friend of mine who remembers the general strike in San Francisco, it was amazing. He said it happened spontaneously, and yet all the seeds were there. But the guys were sort of casual about it. They had expected to be put down. Today it is different. Obviously it is different. Psychologically and every way, technologically. People do see things on television, and with commercials; if you drink this wine, if you take this detergent, if you buy this car, and so on, and we have all of this. You add that to the frustrations of many unemployed, and again good, decent hard-working people, they are going to be furious. It is hard for me not to be furious, and I am relatively well off.

Imagine the feeling of the six who were here, I felt their restraint was remarkable. Yet you know that the feeling is one of rage. I do not know what is going to happen. What is going to happen is not going to be good. That much we know. I am astonished by some of your colleagues here in Washington and their advisers, the economists, the industrialists, the wise men, the same wise men of Wall Street then saying the same thing. It is as though they were lobotomized.

Senator KENNEDY. Let me ask you to put on your philosopher's hat for a minute and ask you why we endure it? Why do we accept it? Why do we take it if this is so obvious and so compelling?

Mr. TERKEL. Americans are a very generous-hearted people by and large. Also we are a hopeful people. The dream, though it is tarnished more and more, and tattered, the American dream is still there. Our six friends will tell you all about the dream. They are still hanging onto it. But I think, though the acceptance is there now, there will be less and less of it.

I do not know which way it is going to go.

There was a Great Depression in Germany in the 1930's, and you know which way Germany went. Demagogues could take over. We have people speaking about those others who are on welfare, and more and more the military budget goes higher and higher. That is something—well, do not get me started on that. One less missile system, we would have 1 million more jobs. One expenditure is called capital intensive and one is called labor intensive. One less missile, and for the same amount of dough, one more public housing project will create how many more jobs? Yet, there is the sort of nonthinking that passes for thinking that drives people up the wall.

Senator KENNEDY. Is it just good enough to accept now that the recession is inevitable? It seems people are accepting that, that it is inevitable.

Mr. TERKEL. I would rather our friends be asked that, Arlene, and Mr. Maxwell, and the Osborns. I would say there is a sense of feeling of hopelessness. This feeling of helplessness, what can I do? We are getting some intimation of something from Arlene in her comments and others. We are going to do something, she says. She means it constructively of course. But if it is of the magnitude of the 1930's—I want to quote a surprise authority, the late Sally Rand. Sally Rand, for those who do not know, was the great fan dancer of Chicago and the World's Fair. Sally Rand was famous and notorious as a fan dancer. She was asked about the depression. She said: "If it happens again, it is not going to be like in the 1930's. People are going to go and take what they need and they are going to loot." I am not for this. I am not quoting her verbatim, but its close enough. "Enough of this charity, goddamnit," is the way she put it. She said: "I don't blame them, though I don't condone it." Her last line was: "Are we not ever going to grow up?"

That comes from an authority I consider far more authoritative than some of the people—some of the Budget Committee witnesses.

Senator KENNEDY. Do you reach the conclusion that at least that is what national economic policy is really for to have learned these experiences and to be able to chart the direction, to establish the visions, to set the goals to try and move this country in the direction where it can at least move us closer toward permitting these people to realize this?

Mr. TERKEL. This is what academicians call the *sine qua non*. If we forget the past, we are doomed to relive it in the future.

It is a question of remembering our own history. One of the young kids I interviewed, in making the "Hard Times" book, said she was furious. "We were denied our own history." Right now those in power are denying their own history. This is related: When asked about the Iranian crisis, about the role of the CIA, the role we played, our Government, in the Iranian horrors of the 1950's, the President answered: "It is ancient history." If 1953 is ancient history, what is 1930? It never happened. That is the problem today.

Senator KENNEDY. Mr. Oswald, director of economic research, AFL-CIO, I know that you have been in the forefront of proposing better economic programs. What suggestions do you have for us today?

Mr. OSWALD. Senator, I would like to talk a little bit about the numbers, not because I think they are more eloquent than the witnesses you had this morning, but because I think too often we have become enamored with numbers without putting them in perspective. Clearly today, even without any increase in unemployment, the 7.7-percent unemployment figures are the highest—except for the last recession—since the 1930's. As you indicated earlier, the predictions are that they may well get worse, in the months ahead, than the last recession and thus get much worse. Often talk is about 7.8, or 8.5, or 9 percent. And that represents the number of people unemployed in any single month. But during the year unemployment will affect some 20 million to 25 million work-

ers, who during the year, will experience unemployment as a result of the recession.

Senator KENNEDY. Please elaborate on that. It used to be what, one out of four? It is one out of four now and it used to be one out of six.

Mr. OSWALD. The rates in the late 1960's were much lower. At the time we had 4-percent unemployment rates and the number experiencing unemployment was about one out of six during the year, and the spells of unemployment were much shorter periods. Now we are talking about one out of four, and for much longer periods of unemployment than at that time. So we are having an impact on a much larger group and for a much longer period. Obviously even those numbers do not count those who are too discouraged and have given up looking for work, they do not count those workers on part-time jobs, and if we add those to the current numbers, instead of 7.7-percent unemployment, we have 10.5-percent unemployment.

I think the other thing that numbers do tell us, and it relates to some of the policy implications, is that the impact is very different on different people, depending upon the industry, race, and other factors. As we know, among blacks, the unemployment rate is one out of every eight, whereas among whites unemployment rate is only roughly half of that. Among teenagers the unemployment rate is one out of six, and among black teenagers it is one out of three.

For people in the construction industry, it is one out of every six who is unemployed today.

In Michigan, one out of every seven workers is unemployed.

On the other hand if you look in general among white adult males who are professionals, who are managers, their likelihood of being unemployed is 1 out of 50, a substantially different sort of mix.

I think in looking at that it leads to evaluation of what you can do about unemployment, so that instead of talking about an across-the-board tax cut, as a means of providing income you should really be providing targeted job stimulation, where the effectiveness of the dollar spent, either through the tax cuts or through specific job programs is 2 to 4 times more effective. And those job stimulation programs can be undertaken in a variety of ways, through public service jobs, accelerated public works, through energy and transportation programs and housing programs.

By doing specific programs, we not only put people to work, but we can alleviate certain inflationary pressures on the economy.

The additional services and training provided by public service employment adds not only to provision of needed public service jobs, but also to skill potential of the work force. Public works programs can be targeted to provide infrastructure for future industrial development. Without adequate sewers, water and transportation facilities, goods cannot be produced.

Energy conservation can also be speeded up by putting unemployed construction workers to work in weatherizing schools and hospitals as well as moving forward with a program of weatherization for low-income individuals. Improved railroad mass transit, highway and airport facilities would also lead to further energy conservation.

Housing programs for low- and middle-income families would help reduce housing shortages that continue to put pressure on housing prices.

One of the most effective job creation programs is existing public service programs. Your chart there shows clearly that as public service employment went up, unemployment went down. Your projections show the failure to match the intent of the CETA law, where we should have substantial increases of CETA jobs, as a result of the increased unemployment—

Senator KENNEDY. That only makes sense, in the early years, according to the formula, as unemployment was going up, CETA jobs were going up, and what was expected clearly in passage of that legislation was when unemployment was going up, CETA jobs were supposed to go up again. Now we have seen that altered and changed in the last year.

Maybe if we could cover quickly the antirecession program. You have it in your appendix A. I would like to go over that quickly.

Mr. OSWALD. The AFL-CIO has recommended an antirecession program that does the sort of things that would provide jobs and services. The CETA job programs under the current act should increase as unemployment increases, and under current law we should have 800,000 title VI jobs rather than 200,000 that are currently in existence. Clearly that would put some 600,000 additional workers to work and provide public services and training. Public works programs in the past have always been undertaken during major recessionary periods, they were a major element in turning around the last recession, and provided many needed activities.

The current bill that is languishing in the Congress, has a \$2 billion accelerated public works authority in the House version. There is no such money in the Senate version. That \$2 billion should be doubled to provide the needed assistance. This morning some of the workers talked a little bit about plant closing programs. Title IX of the Economic Development Assistance Act has money for that, but so little that it will do practically nothing to alleviate such problems. Many State and local governments will be suffering as a result of loss of revenue. Thus there is need for antirecession fiscal assistance programs.

The last time, we provided nearly \$1½ billion a year. We believe that could clearly be doubled to provide jobs. Clearly on the housing side the Brooke-Cranston program needs to be gotten underway to provide housing for low- and middle-income people, to subsidize interest rates. At the current housing start level of 1.2 million we are, 40 percent below where we need to be in terms of housing. Unless we put money now in that program, we will have severe inflationary problems in the future.

There is some \$10 billion around that could be put into the Brooke-Cranston program. Similarly on the transportation side, to meet some of our energy problems, we could put additional funds into highways, mass transit, railroads, and airport safety. I think one of the crucial areas is in the energy conservation area, where we have had a weatherization program on the books for schools and hospitals, for public buildings and low-income people, people who could be doing that weatherization are the same people, who

are unemployed today in the construction industry. It is time we put those people to work on weatherization activities and cancel out future energy problems as well as the problems of unemployment that exists in that industry. In addition you have heard of the problems with unemployment insurance. You spoke yourself this morning of health care for unemployed, and we believe that is a necessary program to provide assistance—

Senator KENNEDY. Basically what you have got here—I have the measure before me, and to be very frank with you, I am quite familiar with a good many parts of it—it comes out to about \$13 billion to \$15 billion. You have, first, three programs—CETA, local public works, antirecession—those three are \$13 billion. The total program is about \$15 billion, could be even higher.

Mr. OSWALD. The total program can be substantially higher, very well in the range of \$40 billion in terms of trying to adequately provide the resources to turn around the recession and to target job programs.

Senator KENNEDY. All we hear up in the Congress is a \$30 billion tax cut. What is your testimony? Do you think this is more effective, more targeted, more meaningful program to try and deal with the kind of concerns that have been expressed here during the course of this hearing, and representing the working men and women of this country? Do you find that is a more effective program than the \$30 billion tax cut we are hearing a great deal of talk about here?

Mr. OSWALD. Senator, the executive council of the AFL-CIO representing major unions and the concerns of 15 million workers involved has adopted this program because it feels it would be much more effective in providing the jobs to those people directly who are unemployed, in meeting our future needs of the country. A tax cut would provide funds initially to those who are still working, who are still well off, with the hope that eventually something will trickle down to provide work for the others. We think spending the money, the same amount of money, whether you spend \$30 billion for a direct jobs program and relief for the unemployed, or if you give it to those who are still working—

Senator KENNEDY. As a matter of fact it is even savings because by putting people to work you are saving on the food stamp program and other kinds of programs, unemployment compensation, so it is even better than a tradeoff. That was the point made in your testimony. Why did the administration not see it your way?

Mr. OSWALD. Senator, I believe that for the past year the country has been caught up in some sort of mania of budget balancing with the notion that somehow the budget is the cause of inflation. I think no greater hoax has been perpetrated on the American people than that sort of hoax. Even the most ardent supporters of that notion indicate that a balanced budget would have less than two-tenths of a percent impact on a 14-percent inflation rate. Clearly the inflation comes from other factors. We are not going to solve it by balancing the budget, but we are clearly going to aggravate recession.

Senator KENNEDY. Effectively, they have thrown in the towel on a balanced budget from their report earlier this week. From the report earlier this week, they are talking about \$90 million be-

tween next year and this year. Yet, Charles Schultze of the Council of Economic Advisers argued the steepest part of the recession was over. At the same time, they tell us unemployment will be at 8.5 percent, 9 percent through 1981. It sounds to me as if we are hearing again that there is light at the end of the tunnel, so we do not have to change policies.

Mr. OSWALD. Their projections are not that good, Senator. If you look at long-term projections, it will take until 1985 to get back to last year's unemployment rate.

[The prepared statement of Mr. Oswald follows:]

STATEMENT OF DR. RUDOLPH OSWALD, DIRECTOR OF ECONOMIC RESEARCH
AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS
TO THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
ON UNEMPLOYMENT EFFECTS AND REMEDIES

July 24, 1980

We appreciate this opportunity to present some of the deep concerns of the AFL-CIO about the effects of unemployment on workers and their families and about potential remedies for unemployment.

The situation is serious -- and it is getting worse. More than 8 million people are unemployed by the official count. Another one million "discouraged workers" have stopped looking for work and therefore don't appear in the official unemployment count. And another 4 million workers are on part-time schedules because of the recession.

The current recession began in January of this year, according to the National Bureau of Economic Research. But, since the recession of 1973-75, unemployment never got below 5.7 percent -- compared to unemployment rates of less than 5 percent prior to the recession and of less than 4 percent in the 1960's. Since January, unemployment has gone up by 1.5 percentage points, representing 1.6 million workers.

This half-year increase in unemployment does not take into account the discouraged workers and the involuntary part-time workers on reduced work schedules and reduced paychecks.

The optimistic forecasts of Administration officials for a moderate downturn have been shattered by the gathering momentum

of the current recession. The layoff rate of 3.5 percent in May 1980 was the highest since January 1975.

The June 1980 rate for utilization of the nation's industrial capacity is the lowest since October 1975. And the second quarter 1980 GNP drop of 9.1 percent was one of the largest one-quarter drops in the history of these statistics.

Worse is yet to come for the nation's workers.

In the latest "Mid-Session Review of the 1981 Budget," issued July 21, the Administration is still optimistically forecasting an 8.5 percent unemployment rate for the fourth quarter of 1980.

For the full year 1981, the Administration is forecasting an unemployment rate of 8.5 percent -- and such an average means that unemployment will be even higher in the course of the year, perhaps up to 9 percent or even higher during 1981.

Worse yet, the total number of people hit by unemployment in the course of a year is substantially higher -- in contrast to the number unemployed in one particular month. Since 1959, the total number of workers experiencing unemployment during a year has been 2.7 to 4.2 times the number who are unemployed at any given monthly survey date.

Thus, in 1979, average monthly unemployment was 6 million persons -- but some 20 million workers were jobless during the year. That's 20 percent of the work force!

In 1980, the total number of workers hit by unemployment may be some 25-30 million, on the basis of the Administration's forecast. And in 1981 the total hit by unemployment during the course of the year may be 30 to 35 million, nearly one out of three American workers!

From these huge numbers, we get a much better picture of the total impact of the recession -- the human costs and the social costs, as well as the economic costs.

The size of these unemployment numbers begins to numb one's mind to the fact that these numbers are people.

To these people and to their families, unemployment is a personal tragedy, a human tragedy.

The fact that loss of jobs and loss of steady earned income may be temporarily or partially relieved by unemployment compensation, welfare, and food stamps is small consolation to those who want steady work.

Most workers are in debt for their homes, cars, refrigerators, television sets and other appliances -- so bills going unpaid haunt the unemployed.

The tragedy of unemployment causes social and community problems as well as personal and family tragedies. And the economic waste of productive human resources is a loss which can never be recaptured.

The full story of this recession cannot be told in economic statistics. As the late Senator Hubert Humphrey said:

"The Federal Government has become relatively adept since World War II at assessing the impact of income, prices, and employment of monetary and fiscal policy. But Government policy planners have had essentially no success in shedding light on the next level -- on the ensuing effects which changes in income, prices and employment have on individuals and on society.

"Yet, it is precisely the eventual impact of economic policy on individuals which should be the focus of Washington officials, rather than the impact of this policy on the intervening economic variables."

To capture the full impact of the recession in human terms we need to look at some key social indicators -- the mortality rate; the cardio-vascular disease rate, the cirrhosis of the liver mortality rate; the suicide rate; the homicide rate; the rate of admissions to mental hospitals; and the rate of imprisonment.

Dr. Harvey Brenner of Johns Hopkins University, in an important 1976 study for the Joint Economic Committee relating changes in the economic environment to these social indicators, concluded:

"Overall, the data showed that the association between the unemployment rate and all the pathological indices was statistically significant. Consistency was also shown in these relationship across age, sex, and racial groups, among different states, and for three different countries."

But we cannot look to these social indicators today because the effects of this recession will only show up in the future.

Dr. Brenner pointed out that:

"Even apparently 'discrete' reactions to stress, such as suicide and homicide may involve a considerable period of lag. This is because it may require a lengthy period of mental depression, anxiety or agitation before a person is emotionally capable of taking his own life or that of another."

The conclusion is that the social costs of this current recession will be felt for years to come.

Recession -- the odd phenomena of unemployed workers and unused productive machinery coinciding with unmet social needs -- has again reared its ugly head.

All workers have been affected by economic changes and the lagging economic growth in the 1970s -- but some groups of workers in some occupations, industries, age groups; and minorities have suffered particularly heavy unemployment.

The bottom line of recession is human misery. Numbers can tell only a small part of the story of this misery. In June 1980, the numbers portray:

eight million Americans out of work
 one out of every eight black workers unemployed
 one out of every ten Hispanic workers unemployed
 one out of every six teenagers unemployed
 one out of every nine blue collar workers unemployed
 one out of every three black teenagers unemployed.

Blue collar workers have been particularly hard hit. Their unemployment of 7.2 percent in December of 1979 was already high by historic standards. Since the beginning of the year this dismal figure mushroomed by 56 percent to 11.5 percent in June 1980. Even for skilled craft workers the unemployment rate of 8.0 percent in June 1980 was up 3.7 percentage points from December.

For factory workers and other semi-skilled "operators" the unemployment rate was 13.8 percent -- up a disastrous 6.1 percentage points for the year. Non-farm laborers' unemployment rate of 16.2 is at depression levels.

Service workers have not been exempt from the ravages of this recession. Their unemployment rate of 8.1 in June was above the national average.

White collar workers have fared better than blue collar and service workers. The white collar workers' unemployment rate went from 3.4 percent in June 1979 to 3.7 percent in June 1980.

Within the ranks of white collar workers, there are significant differences. Managers and administrators had a low 2.4 percent unemployment rate in June 1980. For professional and technical workers, the unemployment rate was only 2.6 percent in June 1980.

But clerical workers suffered a 5.3 rate of unemployment, over double the rate for managers and administrators. And sales workers had a 4.4 percent unemployment rate in June 1980.

The 1980 recession is striking unevenly across industries. Recession for the country as a whole means depression for some industries.

Manufacturing and construction were particularly hard hit.

In construction, with housing starts down 40 percent from June 1979, about one out of every six construction workers were jobless in June of 1980. Construction lost 515,000 jobs in the first half of 1980.

This housing construction slowdown reflected disastrously high interest rates engineered by the Federal Reserve. Double-digit mortgage interest rates accelerated upward during the latter part of 1979 and rose to record heights during the first few months of 1980. These high rates severely depressed housing demand, sales, construction and ultimately employment.

Manufacturing -- hit by recession and also in some industries like auto, steel, and rubber by imports -- saw unemployment double in a year -- from one out of every 20 factory workers jobless in June 1979 to one out of every 10 factory workers jobless in June 1980. Manufacturing lost 920,000 jobs in the first half of 1980.

Within durable goods manufacturing, the picture was even worse, with unemployment skyrocketing in the same period from 4.9 percent to 11.2 percent. In part this reflected the crisis in the auto and auto-supplier industries.

Among the hardest hit industries in April 1980 were auto with 21.9 percent unemployment; lumber, 17.7 percent; textiles, 10.2 percent; fabricated metal products, 9.6 percent; food, 9.1 percent; stone, clay, glass, 8.9 percent; furniture, 8.8 percent; rubber and plastics, 8.8 percent; primary metals, 8.2 percent; paper, 8.0 percent. Since April these numbers have deteriorated.

Non-goods producing industries have also experienced higher unemployment rates.

In the transportation and public utilities category, unemployment of 5.2 percent was up sharply from 3.1 percent in June 1979 to 5.2 percent in June 1980.

Wholesale and retail trade joblessness was up to 8 percent in June 1980.

Finance and service registered a 5.7 percent unemployment rate in June 1980 -- slightly up from 4.7 percent rate in June 1979.

Only in the government sector has the recession failed to have an overall impact. Unemployment in federal, state and local government remained about 3.5 percent in the year ending June 1980.

Just as the 1980 recession has had different employment-unemployment effects on different industries, it has struck different segments of the work force with varying degrees of severity.

Black workers, Hispanic workers, and teenage workers have suffered much more unemployment than other demographic groups.

Black unemployment at 13.6 percent was double the 6.8 percent unemployment rate for white workers in June 1980. As bad as these official figures are, they certainly conceal some "hidden unemployment" among blacks. The labor force participation rate for black workers was 60.9 percent in June 1980 compared with 64.1 percent for white workers. If blacks were participating in the labor force to the same extent as whites, more than 660,000 black workers would be added to the labor force, and most likely to the unemployment roles.

Of the almost 12 million Americans of Latin or Spanish origin, about 60 percent are of Mexican and about 15 percent of Puerto Rican origin. About 4 million of them are in the U.S. civilian labor force. In 1980 their unemployment rate ranged in the 9 and 10 percent brackets, significantly higher than the national average.

Reliable statistics on Indian employment and unemployment don't exist, but as many as one million, half of them on reservations, may be unemployed.

Almost one out of every five teenage workers (18.5 percent) was unemployed in June 1980. Unemployment among teenagers 16 to 19 years old is in part a problem of demography, the "baby boom" of the 1950's and 1960's, but this aspect of the problem will diminish as teenagers become a smaller part of the population and the labor force. More serious for the long run is their frequent lack of education, skills, and training.

For black teenagers, the picture is catastrophic. More than one out of every three black teenagers (34.4 percent) was unemployed in June 1980. There has been a shrinkage in the black teenage labor force from 1,034,000 to 993,000 as a result of discouraged dropouts from the labor force.

It's hard to get accurate estimates of the numbers of "discouraged workers," those who want a job but are not looking because they think no jobs are available. In the first half of 1980 the "discouraged worker" count was approaching 1 million. This figure probably understates the number who would come back into the labor force if jobs were available. Many of them are adult women, teenagers and older workers who are sometimes forced into involuntary "retirement" by lack of job opportunities.

Involuntary part-time workers -- those who want full time work but can only get part-time work -- were about 4 million in June 1980.

The geographic effects of the recession were widespread. Unemployment rates were higher in May 1980 than in May 1979 in all but two of the 50 states. The increase from a year before was one full percentage point or more in 30 states. Also, increases by one percentage point or more were registered in 132 of the 193 metropolitan areas from May 1979 to May 1980. In 122 of the 198 metropolitan areas there was in May 1980 "substantial" (more than 6 percent) unemployment. Unemployment was in double digits for Michigan (14 percent) and Indiana (10.5 percent) and neared double digits in Alaska and Ohio (9.4 percent).

The long duration of unemployment is one of the most individually demoralizing and nationally wasteful consequences of the recession. In 1979, the average duration of unemployment was 10.8 weeks. In June 1980 the average spell of unemployment was 11.7 weeks -- an increase of almost a full week from the 1979 figure. Among the jobless, 22 percent had been unemployed for more than 15 weeks.

Often it is asserted that the longer duration of joblessness has been due in part to wider coverage and longer duration of unemployment compensation.

This is nonsense. All workers getting unemployment compensation benefits must be available for work and must actively search for work. Also, if they are on temporary layoff, they must go back to their jobs when recall notices go out.

The reason for persistently high unemployment is a lack of jobs and lack of job-creating policies and programs -- not a lack of willingness to work. The long lines of applicants for jobs are evidence that the work ethic is alive and healthy.

The truth is that many would-be-workers, however, look for work month after month unsuccessfully and finally give up looking for non-existent jobs. These are the "hidden" unemployed, the "discouraged workers" who don't appear in official unemployment statistics.

Another often heard fallacy is that the jobless are out of work voluntarily. The fact is that most of those out of work in June 1980 have lost their jobs (56.3 percent). Only one of ten unemployed are job leavers (10.5 percent). The remainder are entrants or re-entrants to the labor force.

Thus, as bad as the official unemployment statistics are, they understate the true extent of the recession. A more accurate unemployment figure would take into account those seeking part time work (a worker who works only one hour per week is counted as employed in the official statistics), those working part time because they can't find full time work, and those who are so discouraged they've dropped out of the workforce. The Labor Department publishes one unemployment rate, U-7 which partially accounts for these factors.

U-7 includes all jobseekers looking for full-time jobs, plus half of the jobseekers looking for part-time jobs, plus half the workers on part-time for economic reasons, plus discouraged workers as a percent of the civilian labor force, plus discouraged workers, less half of the part-time labor force.

Here is a comparison of the official rate of unemployment and the adjusted unemployment rate:

		<u>Unemployment 1979-1980</u>	
		<u>Official Rate</u>	<u>U-7</u>
1979	Ist Quarter	5.8%	7.9%
	IInd "	5.8	8.0
	IIIRD "	5.8	8.0
	IVth "	5.9	8.1
1980	Ist "	6.1	8.7
	IInd	7.5	10.3

(Source Bureau of Labor Statistics)

The effects of unemployment on the national budget are obvious and they are explained in the Administration's mid-year budget review. The balanced budget forecast by the Administration for 1981 has gone out the window as the recession cuts sharply into tax receipts and increases federal unemployment compensation and recession-related welfare payments. Each percentage point of unemployment costs the Federal treasury \$23 to \$25 billion -- \$23.25 billion in lost tax revenues and \$5 to \$7 billion in added social costs.

The effects of the recession also hit those fortunate enough to remain employed. Along with the fear of job loss which accompanies a recession, many employed workers experience cutbacks in hours and earnings. Average weekly hours have fallen for five consecutive months and dropped by 0.7 hour since January to 35.0 in June 1980. In manufacturing both total and overtime average weekly hours have declined since January.

Reflecting the drop in average weekly hours and inflation is the 7.7 percent drop in real average weekly earning (earnings adjusted to account for inflation) from June 1979 to June 1980. This loss in consumer buying power adds further downward pressure to the recession by cutting consumer spending.

PROGRAMS TO ALLEVIATE UNEMPLOYMENT

Unemployment can best be addressed by targeted job stimulation programs, rather than by general tax cuts or tax incentives. Each dollar of federal funds used on direct government employment programs has two to four times more job-creating potential than a dollar of tax cuts, and direct job creation programs can be directed to the areas and the individuals where the need is greatest.

Job stimulation programs can be undertaken under a variety of specific programs such as public service jobs, accelerated public works, energy and transportation programs and housing programs.

Specific job programs can also be used to alleviate certain inflationary pressures on the economy. The additional services and

training provided by public service employment adds not only to the provision of needed public services, but also adds to the skill potentials of the workforce. Public work programs can be targeted to provide the infrastructure for future industrial development. Without adequate sewers, water, and transportation facilities, goods cannot be produced. Energy conservation can also be speeded up by putting unemployed construction workers to work in weatherizing schools and hospitals as well as moving forward with the programs of weatherization for low-income individuals. Improving railroad, mass transit, highway, and airport facilities would also lead to further energy conservation. Spurring housing programs for lower and middle income families would help reduce the severe housing shortages that will continue to put pressure on housing prices.

One of the most effective job creation programs is the existing public service jobs programs. The CETA jobs programs could and should be significantly expanded immediately.

Unfortunately, \$453 million in CETA funds have been deferred in the 1980 budget, and CETA budget authority was cut by \$1.35 billion in the fiscal 1981 budget as a result of the March budget-cutting spree.

Under CETA Title II-D there is 1981 budget authority for about 250,000 PSE job slots and under the Title VI counter-cyclical program there is authority for 149,000 jobs.

Under the statutory countercyclical formula, when unemployment is over 7 percent, the Title VI job program should have about 250,000 job slots for each unemployment rate percentage point in excess of 4 percent.

Thus, there should be about 800,000 Title VI job slots instead of 200,000.

This would require not authorization but appropriation of about \$6 billion, at \$10,000 per job, to bring the number of Title VI job slots up to the statutory level.

However, the CETA programs also have eligibility requirements and wage restrictions that could slow down the needed quick implementation of the number of job slots required by the formula of the CETA law, and Congress could deal with these problems in the appropriations process, as it funds the job slots required by the formula in the Title VI countercyclical jobs program.

Public works programs can also provide quick, pinpointed job creating economic stimulus during a recession and to build, repair and improve this nation's stock of public facilities. Present gaps must be closed and adequate levels of public investments are an essential precondition to longer term private sector economic growth, increased productivity and full employment.

The perennial claim of the opponents of such programs is that public works waste taxpayers' money on unnecessary makework projects, they take too much time to start up, too long to complete and therefore stimulate the economy at the wrong time.

These arguments are unsustainable by close examination of past experience. A number of recent studies as well as the experience under Rounds I and II of the Local Public Works Program demonstrate that public investments can create jobs where and when needed and the projects "pay off" in direct job creation, fiscal stimulus and worthwhile public capital facilities.

An examination of the legislative history of the 1976 Local Public Works Act and the program's results clearly points up the potential of such programs and the value of speedy legislative action.

Job estimates on the Local Public Works Program of the last recession indicated that the \$6 billion spent on over 8,500 projects in Rounds I and II generated 110,000 direct onsite jobs, 66,000 jobs in firms and industries providing building materials and supplies, and 249,000 additional jobs as the added income of these workers creates additional sales, production and incomes. The total -- 425,000 job years -- represents an average cost of \$14,000 per person year of employment.

The program was a huge success and a major factor in pulling the economy out of the 1974-75 recession even though the legislative authority was long delayed.

The lessons learned under Round I and the improvements in Round II clearly demonstrated that:

1. Public works jobs programs can start up quickly. Except for isolated incidents, decisions on applications were made within 60 days and construction started within 90 days.
2. Projects could be small and of short duration. The average project funded under Round II was under \$500,000 and 62.5 percent of the projects were completed in less than one year and the average duration was only 10.4 months.

3. The funds could be targeted to the areas that are most in need. The average unemployment rate for areas receiving Round II funds was 9.4 percent.

4. The number of applications received and the types of projects funded indicated that there continues to be a huge backlog in a wide range of facilities that are essential and welcome additions to the nation's capital stock. Within 45 days of the final approval of the \$2 billion Round I Act, the Economic Development Administration received 25,000 project proposals totaling \$24 billion -- from schools, bridges, libraries and port facilities, to fire stations and water and sewer lines.

The program represented a valuable tool for creating jobs and needed public investments which do not add to inflationary pressures, rather, they contribute to growth, development and productivity.

Many communities that were hard hit by the 1974-75 recession continue to experience stagnation or decline and remain extraordinarily vulnerable and ill-equipped to deal with the current economic downturn. There is every reason to believe that unless action is taken the larger urban areas will suffer relatively more during this recession than the last.

In addition to specific job programs, the suffering of the unemployed needs to be alleviated by improving the unemployment compensation and welfare programs. As the recession deepens, the length of joblessness becomes longer and longer. For that reason unemployment compensation programs need to be expanded as they were during the last recession up to a maximum of 65 weeks. Also special

health care provisions should be provided for those unemployed workers who lose their health insurance protection. Similarly special aid during the recession is needed for those unemployed who face the loss of their house or being dispossessed because of their loss in earnings.

AFL-CIO ANTI-RECESSION PROGRAM

The Government must pursue policies that lead to economic growth rather than stagnation, recession and joblessness. The costs of lost production and lost investment for the future are inflationary factors. Interest rates, money supply and budget policy should be geared to healthy and balanced economic growth.

Fiscal actions of the government should be directed to countering the recession and to softening the economic crunch felt by the unemployed and the poor.

* Public service job opportunities need to be expanded to provide work for the growing numbers of unemployed.

* A public works program that can start up quickly should be initiated.

* Housing programs need to be expanded and additional funds provided for low- and moderate-income housing.

* Energy conservation and development, mass transit programs and railroad rehabilitation, housing rehabilitation and other programs can help meet the nation's energy problems.

* Federal aid should be provided to states and localities suffering high unemployment and substantial revenue losses.

* Unemployment insurance benefit programs need to be strengthened and extended for the long-term jobless.

* Health care benefits and necessary food stamp funds should be maintained for those who become unemployed.

* Special short-term mortgage payment relief and temporary housing programs should be established for the unemployed.

Increasing funds for such programs will not only create needed housing and improved public facilities and services, but will also provide relief to those who are being directly injured by the recession. This can be done in a targeted, non-inflationary fashion.

The AFL-CIO opposes tax cuts which would waste needed revenue by rewarding those sectors of the economy not suffering from the recession and which could stimulate speculative excesses and imbalances that contribute to inflation problems.

Lower interest rates and targeted credit programs would be far more effective in enhancing productivity and industrial investment than devices and gimmicks such as depreciation speed-ups, which further shift the tax structure away from the principle of ability-to-pay.

The policies that the AFL-CIO advocates to meet inflation and recession are selective approaches which directly address the inflationary pressures of excessive cost of energy and housing. These policies would also alleviate the suffering from unemployment. We believe that specific programs are the most effective and the most equitable means for dealing with the nation's economic problems.

We believe that government economic policies must be geared to economic growth and full employment. Congress and the Administration must act now before conditions deteriorate even further and the recession begins to feed upon itself.

The economy's downward plunge must be reversed. A course of balanced economic growth must be charted. An idle workforce, unused industrial plant and bankrupt businesses are not the way to cure the present inflation.

DETAILS ON ECONOMIC STIMULUS AND SUPPORT MEASURES

Economic Stimulus1. CETA

CETA public service jobs programs under Title II-D and Title VI should be expanded. There should be about 800,000 Title VI job slots now instead of 200,000. This would require \$6 billion, at \$10,000 per job, to bring the number of Title VI job slots up to the statutory level.

2. LOCAL PUBLIC WORKS

An authorization of at least \$4 billion should be available to support an emergency public works program.

Expanded authority for the Title IX Economic Development Assistance programs should also be provided. Authority for this program could reasonably be expanded to at least \$300 million.

3. ANTI-RECESSION FISCAL ASSISTANCE

The original program was established under Title II of the 1976 Public Works Employment Act and extended by the Inter-governmental Anti-Recession Act of 1977. We believe \$3 billion spent on such a program could generate (or preclude the loss of) 150,000 jobs.

4. HOUSING - NEW CONSTRUCTION

The Emergency Home Purchase Assistance (Brooke-Cranston) Act could be utilized without new legislative authority to stimulate sales and construction of new housing. Also one-family and multi-family moderate-income rental housing should be accelerated.

5. TRANSPORTATIONa. Highways

The Federal Highway Trust Fund is out of money because income from excise taxes on gas and tires and trucks and buses has fallen off as sales decline. The federal government can waive or postpone the local share payment of 90-10 federal interstate highway funds, the 80-20 bridge money, and the 75-25 funds

for primary, secondary, and urban roads. A practical acceleration of these programs with additional federal funds would be a useful public investment.

b. Mass Transit

Urban Mass Transportation Act funds for capital funding and operating assistance should be increased to give direct relief to big cities, prevent cuts in service and save energy.

c. Railroads

Funds should be added to the fiscal 1981 budget for railroad trackbed rehabilitation, equipment modernization, and improved maintenance and the recently authorized \$750 million for the Northeast Corridor should be appropriated quickly and pushed out.

Additional funds for Conrail and other railroad systems could be provided.

d. Airport Safety

There is a need to improve airline safety with new technology for new safety hardware for better flight control around large airports.

6. ENERGY PROGRAMS

a. The HUD Community Development Block Grant Program could be expanded with funds and for localities to weatherize public buildings.

b. Federal buildings weatherization could be speeded up if funds were authorized and appropriated.

c. Energy conservation funding for low-income home weatherization could generate on-site and direct jobs in firms providing materials, supplies, would weatherize average-size homes, and would provide jobs for skilled craft and lower paid CETA workers.

ECONOMIC SUPPORT

1. Food Stamp Funds

Funds should be restored to the fiscal year 1981 Food Stamp program and eligibility and benefit levels should be liberalized.

2. Health Insurance

Funds are needed to continue existing or prior coverage provided by an unemployed worker's last employee-employer health benefit plan.

3. Unemployment Insurance

A national unemployment insurance reinsurance system should be set in place to reimburse states for the excess costs of the regular and extended benefit programs during periods of high state and national unemployment.

Unemployment insurance benefits should be extended from 39 weeks to 65 weeks, and benefits should be assured farm, domestic, and CETA workers not now covered by unemployment insurance.

4. AFDC

There should be cost of living adjustments for AFDC payments so that the most vulnerable population of families with dependent children are able to survive this current inflationary period.

5. Emergency Housing Assistance

Funds are needed for an emergency homeowner and renter assistance payments program, modeled on the pending FHA Temporary Mortgage Assistance Program (TMAP) before Congress in 1980 housing authorization legislation.

Senator KENNEDY. Well, we have a very substantial area of agreement in these antirecession programs. I hope we can work closely together to see that they are achieved.

Very fine, excellent testimony.

Mr. Barton.

Mr. BARTON. I have a brief summary.

Mr. Terkel asked if we have learned about recessions through past experience; and I think the answer is, surprisingly little.

We tend to ignore recessions until they happen to us. They have happened regularly ever since the industrial revolution began. No one wants them, and their onset is admitted by most administrations at the last possible minute before soaring unemployment rates are reported in the newspapers. Growth, like youth, is worshipped. Recession, like death, is denied. Yet, recessions have serious consequences to human beings, as Dr. Brenner has demonstrated in his testimony and represent a vast waste of human resources.

The industrial economy has become harder to manage with aggregate economic policies, and as long as cooling off economies is the principal means of dealing with the heat of unacceptable inflation, we have an enlarged obligation not to make a relative few shoulder the burden for the rest of us seeking relief from rising prices at the grocery store and shopping mall.

To meet this obligation will require doing something about the effects of recession before we get well into them, creating contingency funding and planning, so the mechanics are out of the way, and building in automatic arrangements so action can be taken as soon as unemployment rates rise.

Unemployment insurance has now become automatically responsive, but we will need to be extended as in the last recession. We need to look at the health insurance for the unemployed, for they are left uncovered in fringe benefit plans. We have yet to work out the best use of public service employment to create temporary recession jobs and learning opportunities. While planning and administration is difficult, public service employment opportunities should rise in recessions, rather than fall as they are now.

With unemployment insurance and public employment recognized as two very important approaches, I recommend the addition of another one, Mr. Chairman. We need to create an option for unemployed workers to pursue education and training during these recession downtimes.

A recession is the least cost time to pursue learning objectives: the worker has the time, and the economy is not using workers' skills;

An economy short in supply of natural resources and fossil fuels is not in a position to waste human resources;

An economy with its productivity slipping can ill afford to let the skills of its work force atrophy through inattention;

A people that values the individual does not want to just support the household budget if there is also the possibility of bolstering the human spirit as well.

While there is little good that can be said for recessions, at least we could be building skills and knowledge that would help on the productivity and inflation front over the long run, and reducing skill shortage bottlenecks for the expansion period after recession.

A few recommendations, Mr. Chairman.

One, automatic provision for enlargement of CETA training basic education, and public employment to funding along the lines of the 1970 proposed Manpower Training Act, which automatically appropriated a 10-percent increase in funds for training when unemployment rose "to permit rapid action . . . until Congress shall have an opportunity to act." It was not incorporated in CETA but the approach still deserves consideration.

Two, the encouragement of arrangements whereby employers, during recessions, offer laid-off workers an opportunity to upgrade their skills during temporary lulls in production.

Three, a further easing of the "available for work test" in unemployment insurance during recessions so workers expected to exhaust benefits without becoming reemployed can exercise the option of enrolling in education or training on an entirely voluntary basis. This should be coupled with positive assistance in helping them find and take advantage of educational opportunity.

Four, making basic education opportunity grants, BEOGS grants, as they are called, provided for educational expenses in the Higher Education Act, available for unemployed workers during a recession.

Five, providing youth coming out of CETA programs during the recession with educational scholarships if they enroll in schools, so they will add to their employability and return to the labor market at a better time.

To be practical and successful, the working out of programs based on these five points should be in consultation with employers and unions, and educators.

In short, Mr. Chairman, we need to deal with the reality of recessions well before we are in the middle of them, and expand options for unemployed workers to continue in productive roles that are useful to themselves and the society.

Perhaps we could put in place enough now, on a large-scale demonstration basis, to position ourselves to do it right next time.

Thank you.

Senator KENNEDY. I gather what you are suggesting is that Congress and the administration are facing a very simple question on the economy; and that is, do we need a jobs program to stop recession, and do we need it now?

How do you answer that?

Mr. BARTON. I think the answer is "Yes, Mr. Chairman; we need it now."

What I have found in past recessions is that action on job expansion takes so long that we also need something in place to allow options for people to pursue education, change occupational skills, or upgrade their skills, or opportunities for learning to be a musician or whatever one wants to study.

Senator KENNEDY. Very good.

Thank you very much. Very helpful. We appreciate your presentation here this morning.

We will have a final witness, which is Mr. Ernest Green, representing the administration.

Mr. Green, we welcome you here this morning.

Mr. Johnson, we welcome you as well. You are familiar with this committee room, spent a good deal of time here. We are glad to have you back before the committee.

Mr. Green, perhaps you could summarize your testimony.

STATEMENT OF HON. ERNEST G. GREEN, ASSISTANT SECRETARY OF LABOR FOR EMPLOYMENT AND TRAINING, ACCOMPANIED BY DICK JOHNSON AND JODY ALLEN

Mr. GREEN. Thank you very much, Mr. Chairman. I would first like to introduce, as you have already indicated, Dick Johnson, who is accompanying me to my right. Jody Allen, the Deputy Assistant Secretary for Policy and Research, is to my left.

I would like to try to summarize this statement and try to move it as quickly as I can.

As you know, the unemployment was 7.7 percent last month. The administration shares your concern with this figure and particularly with the individual and family distress that it represents.

Unpalatable though a 7.7-percent unemployment rate is, the administration's forecast—supported by most private forecasts—indicates that the economy may have already endured the steepest part of the slide into recession. There are many signs that point to a slowing of the economy's downward movement. Retail sales rose 1.5 percent in June, and there are preliminary indications of a rebound in auto sales. Housing starts, although still low, were 30 percent higher last month than they were in May. The Bureau of Economic Analysis' survey shows that business anticipates a modest increase in plant and equipment expenditures during the second half of this year. Business inventory policies in recent years have been very cautious, lessening the chances that an inventory correction will offset a recovery in final sales as happened during 1975. Consumer prices are expected to slow markedly during the coming months as energy prices stabilize and interest rates decline. Credit is becoming much easier to obtain, as indicated by the declines in most classes of interest rates. The stock market has also staged an important rally in the last 3 months.

Each recession has its own distinctive characteristics, being brought on by different sets of macroeconomic factors and containing its own mixture of cyclical and structural elements. This recession is characterized by sharp sectoral differences in impact.

For example, while the average unemployment rate is 7.7 percent, the unemployment rate in automobile manufacturing is 25 percent, in construction 16.5 percent, and in primary metals 11.3 percent. Certain States and areas, in which the affected industries are located, are predictably bearing the brunt of the recession's effects.

For example, the unemployment rate in Michigan has doubled over the last year to 14 percent. Adult males have been particularly affected in the recession, having absorbed nearly three-quarters of the rise in unemployment over the past 6 months. Their unemployment rate, at 6.7 percent, is actually higher than that of adult females, despite the explosive growth in the female labor force in the last decade. This represents a significant reversal of historical unemployment rate patterns. Although unemployment rates of

teenagers at 18.5 percent are up only slightly over the past 6 months, they still account for over 21 percent of all unemployed.

I would now like to discuss what we and other departments are doing to respond to the particular unemployment situation that we now face. First, as you know, the Department of Labor administers an array of systems and programs that are specifically designed to provide assistance to the unemployed. These include unemployment compensation, trade adjustment assistance, assistance available from the Job Service, job training, public service employment, and other forms of assistance available under programs authorized by the Comprehensive Employment and Training Act—CETA.

Unemployment compensation—UC—supports workers temporarily out of work while they search for a job and is what we sometimes refer to as the first line of defense against unemployment. Benefits for covered workers are available for up to 26 weeks under the regular program and up to an additional 13 weeks under the extended benefits program. The specific duration of benefits depends on the individual's prior work history and the State in which he or she is unemployed.

Currently, 97 percent of the labor force is covered by the unemployment insurance system. Our most recent data indicates that about 3.6 million persons are receiving UC benefits, with 200,000 of these under the extended benefits program. The average weekly benefit is between \$90 and \$95.

We now estimate regular UC outlays of \$17.79 billion in fiscal year 1981, compared with our earlier March estimate of \$13.74 billion. Similarly, estimated outlays have increased for the extended benefits program from \$1.65 to \$5.54 billion; the shortfall for the Employment Security Administration account has increased from \$80 million to \$270 million; and estimated outlays for the Federal unemployment benefit account—FUBA—have increased from \$1.33 to \$2.15 billion. Increases in estimated Trade Act benefits, which I will discuss shortly, account for much of the FUBA increase.

Some of these expenditures will require general revenue funding. Therefore, we will shortly be requesting an urgent budget amendment of \$4.2 billion for this purpose.

Under the Trade Act of 1974, special income protection assistance is available to workers who lose their jobs or whose hours and wages are reduced as a result of increased imports. Adversely affected workers may be eligible to receive weekly cash benefits, training, and job search and relocation allowances. Approximately 450,000 workers are now eligible to receive trade adjustment assistance, according to our most recent data. A large proportion of these workers are in the automobile industry.

Recently the Congress approved an administration-requested supplemental appropriation, which increases funding for the trade adjustment assistance program from \$794 million to \$2.256 billion for 1980 and 1981.

The Federal-State Job Service consists of a network of over 2,400 local public employment offices. These offices provide job finding and placement services to jobseekers and recruitment services for employers with job vacancies. The Job Service also makes available counseling, testing, occupational information, and other employ-

ment services to jobseekers, as well as special technical services to employers. In fiscal year 1979, services were provided to over 10 million jobseekers and 6.7 million of the 9.5 million job openings listed by employers with the Job Service were filled by them.

CETA is the principal vehicle for providing employment and training assistance to low-income, disadvantaged, unemployed Americans, many of whom would not be able to obtain employment without this form of assistance. In fiscal year 1979, over 4 million persons participated in CETA. The vast majority of these participants were unemployed at the time of entry into CETA and nearly 90 percent of those enrolled in the decentralized local programs in fiscal year 1979 were economically disadvantaged.

In addition to this array of in-place systems and programs to assist the unemployed, the administration has instituted a number of measures to address the immediate problems of the current economic downturn and its particular characteristics. These measures have been aimed at sectors and groups particularly affected by employment losses and high unemployment, such as the auto industry and the disadvantaged youth population.

As you know, the administration has taken a number of steps to aid the ailing automobile industry. Earlier this year, the Congress and the administration worked together to secure enactment of the Chrysler Corporation Loan Guarantee Act. Earlier this month, after a careful examination of the automobile industry, the President announced a series of measures to assist the industry as a whole. These measures include adjustment assistance to workers and communities affected by plant closings and extended shutdowns. While this assistance is primarily in the form of loans and grants from the Economic Development Administration, as a part of this initiative, the Department of Labor is developing experimental assistance programs to improve the effectiveness of the Government's efforts to help dislocated workers, including those in the auto industry.

Other measures to aid the auto industry include an easing of regulatory requirements on the industry, loan guarantees to help struggling auto dealers finance their inventories, and formation of an industry-labor-Government committee to insure continued cooperation in solving problems of the industry.

As I mentioned earlier, the administration also requested a supplemental appropriation to provide trade adjustment assistance in 1980 and 1981. This additional funding of \$1.4 billion has now been approved, and most of these funds will go to assist laid off automobile workers.

Unemployment in the construction industry also rose sharply this spring as soaring interest costs curtailed both residential and nonresidential construction. Recovery in this sector is expected to proceed during the remainder of 1980 as the result of the declines in interest rates and improved availability of funds. The industry is being monitored closely, however, so that plans to change Federal assistance spending timetables can be put into effect if necessary.

One promising approach being promoted by the Department of Labor and the construction industry is the formation of construction coordinating committees. The purpose of these voluntary tripartite bodies is to counter seasonality and cyclicity in the con-

struction industry through establishing bid calendars of public construction. This enables procurement agencies to shift some construction work from peak to trough periods, thereby providing more stable employment in the industry. These committees have now been established in five cities.

To respond to the serious problem of high youth unemployment, and in particular minority youth unemployment, in February the administration submitted its proposed Youth Act of 1980. As you know, this legislation provides for a coordinated approach between the Department of Education and the Department of Labor to increase the future employability and earnings of disadvantaged youth by a carefully structured combination of education, training, work experience, and related services.

The administration has requested \$1.1 billion for fiscal year 1981 for the employment and training portion of the bill, an increase of \$300 million over current levels. This will serve an additional 217,000 youths, raising the total to 837,000. In addition, \$900 million has been requested for the education portion of the bill. This would be funded in 1981 for outlay in 1982. When fully implemented in 1982, a total of 2.1 million youths will be served under the Youth Act, including 1.136 million under the employment and training title.

Another measure will assist youth this summer by funding 32,000 summer jobs in 31 cities with high unemployment and extreme poverty. A total of \$96 million is being made available by the Departments of Labor, Commerce, and Housing and Urban Development to fund the program. This money is in addition to the \$1 billion already being spent by the Department of Labor for 1 million summer jobs.

We believe that these administration responses have been appropriate to the immediate problems of the current economic downturn, with unemployment concentrated among certain sectors and segments of the population. The June unemployment figures do show that unemployment is now spreading to other sectors. We will be monitoring that closely, and if necessary, we will recommend additional measures that seem both appropriate to the immediate problem and supportive of our longer run economic growth.

The 1980 recession resulted at least in part from the surfacing of problems that have been with us for some time. Not the least among these is our dependence on foreign oil, which made the U.S. economy vulnerable to the increase in the cost of oil imports to \$31 per barrel—second quarter average—from just \$16 per barrel 1 year ago. We are now entering a period of major structural change. World markets are growing and the United States will increasingly rely on international trade, both as a seller and as a buyer. The industrial structure of the American economy is changing. During the 1980's the rate of growth and the composition of our labor force will differ substantially from what had been the case in the previous decade. It will be a time of challenge.

The challenge cannot be met with any quick fix, and I doubt that anyone who proposes such a panacea will fool the American people for long. Our long-term challenge can be met only by thoughtful approaches even to immediate problems. For example, any tax reduction program which might be developed for 1981 must be

structured in such a way that it supports long-term economic goals, improving productivity in a noninflationary fashion.

In the employment and training area meeting this challenge requires continuing to stress carefully targeted programs which aid the process of adjustment to economic dislocation and which improve our stock of human capital. The latter objective is important not only because it can enhance future economic growth but also because it assures that the benefits of such growth are spread equitably among all parts of the population; this would include those, such as minorities, youth, and welfare recipients, who currently benefit little from aggregate tax cuts or monetary policy changes.

In conclusion, the policies must be fully thought through and carefully implemented. They must not result either from panic nor from euphoric oversimplification. It is important that we now make sure that recovery from the current recession is structured properly and implemented at a measured pace so that it supports our goals of long-term social and economic progress.

Mr. Chairman, that concludes my remarks. My colleagues and I would be happy to respond to your questions.

[The prepared statement of Mr. Green follows:]

STATEMENT OF ERNEST G. GREEN
ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING
BEFORE THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

July 24, 1980

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify before you today at these joint hearings on unemployment.

I would like to begin by discussing the current unemployment situation. As you know, the unemployment rate was 7.7 percent last month. The Administration shares your concern with this figure and particularly with the individual and family distress that it represents.

Unpalatable though a 7.7 percent unemployment rate is, the Administration's forecast--supported by most private forecasts--indicates that the economy may have already endured the steepest part of the slide into recession. Several hopeful signs point to a slowing of the economy's downward movement. Retail sales rose 1.5 percent in June, and there are preliminary indications of a rebound in auto sales. Housing starts, although still low, were 30 percent higher last month than they were in May. The Bureau of

Economic Analysis' survey shows that business anticipates a modest increase in plant and equipment expenditures during the second half of this year. Business inventory policies in recent years have been very cautious, lessening the chances that an inventory correction will offset a recovery in final sales as happened during 1975. Consumer prices are expected to slow markedly during the coming months as energy prices stabilize and interest rates decline. Credit is becoming much easier to obtain, as indicated by the declines in most classes of interest rates. The stock market has also staged an important rally in the last 3 months.

Each recession has its own distinctive characteristics, being brought on by different sets of macroeconomic factors and containing its own mixture of cyclical and structural elements. This recession is characterized by sharp sectoral differences in impact. For example, while the average unemployment rate is 7.7 percent, the unemployment rate in automobile manufacturing is 25 percent, in construction 16.5 percent, and in primary metals 11.3 percent. Certain States and areas, in which the affected industries are

located, are predictably bearing the brunt of the recession's effects. For example, the unemployment rate in Michigan has doubled over the last year to 14 percent. Adult males have been particularly affected in the recession, having absorbed nearly three quarters of the rise in unemployment over the past 6 months. Their unemployment rate, at 6.7 percent, is actually higher than that of adult females, despite the explosive growth in the female labor force in the last decade. This represents a significant reversal of historical unemployment rate patterns. Although unemployment rates of teenagers at 18.5 percent are up only slightly over the past 6 months, they still account for over 21 percent of all unemployed.

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continuing to stress carefully targeted programs which aid the process of adjustment to economic dislocation and which improve our stock of human capital. The latter objective is important not only because it can enhance future economic growth but also because it assures that the benefits of such growth are spread equitably among all parts of the population; this would include those, such as minorities, youth, and welfare recipients, who currently benefit little from aggregate tax cuts or monetary policy changes.

In conclusion, the policies must be fully thought through and carefully implemented. They must not result either from panic nor from euphoric oversimplification. It is important that we now make sure that recovery from the current recession is structured properly and implemented at a measured pace so that it supports our goals of long term social and economic progress.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you may have.

Senator KENNEDY. Thank you very much, Mr. Green.

I noticed in the administration's midyear report, when it was talking about the problem of unemployment, it indicated and I quote: "We consider this an unacceptably high rate, and the administration therefore will be working with Congress to develop a program that will assist the economic recovery, at the same time that it helps to achieve long-term goals."

What do you plan to do about it? When do you plan to do it?

Mr. GREEN. I think, for example, one of the things that we need assistance from Members in the Congress is moving our youth legislation. That is presently awaiting Senate committee action. It was proposed last February. I think it would be an important part of not only just taking care of immediate unemployment issues, but this is a youthful task, youth group, that as it comes on the work force as adults, an important part of the country's recovery for the eighties, and that is one item.

The other item that we are now exploring is, of course, additional assistance in terms of training, getting better connection between our trade adjustment activity and those workers that are dislocated by imports. These represent some of the efforts that we presently have underway, Senator.

Senator KENNEDY. Since the youth program has been recommended to the Congress, you have had the significant increases in unemployment. You have had your own projections in unemployment figures, 8½ percent for the period of the next 2½ years. Are you going to propose anything in addition to meet those particular—

Mr. GREEN. Those things are being considered. I am at this point not able to indicate that they would be announced or that they would be presented, but there is consideration.

Senator KENNEDY. Well, you are considering an antirecession program?

Mr. GREEN. There is consideration of that; yes, sir.

Senator KENNEDY. Including a jobs program?

Mr. GREEN. We are looking at that. As you know, one of the items that we have had continually, just an example of CETA, that the Budget Committee, I think, in the Senate had approved previously a cut of almost \$1.5 billion in PSE. We have had to fight very hard to maintain those programs, and up against the fact of rising unemployment. I personally, Senator, in discussion with some of those members, it has been a very difficult task, I think, of this administration to maintain the present programs we have.

Senator KENNEDY. I am trying to find out whether you are prepared to advocate a program and fight for it rather than just plug the leaks, whether you are prepared to lay out before the American people, whether the administration is prepared to fight for a jobs program.

The fact of the matter is the administration itself actually requested a cut in the jobs program itself in the CETA program.

Mr. GREEN. The administration on their budget revision in March agreed to minimize PSE in title 6 by 50,000 slots.

Senator KENNEDY. \$500 million. Then the administration also cut the antirecession aid to the cities, which is about \$1 billion, which is about 50,000 more jobs. It also cut revenue sharing for the

States, 2.3 billion, which is estimated at 100,000 jobs. At a time when the administration has recognized that we are going to have this increasing unemployment, it is going to be continuing, it is going to be here for some period of time, it would appear that the administration is going—it is not a question of just doing nothing, but it is going in the wrong direction.

Mr. GREEN. As you know, in that March budget revision that was done in consultation with Members on the Hill, those discussions went on in the month of January, February, attempting to arrive at what was going to be a difficult task, but would have the least impact on those most in need.

Senator KENNEDY. I am just interested in what the administration in and of itself is doing. I know there are consultations with Congress and working out with Congress, and I would like to know where the administration stands on it.

They have indicated that there is going to be this continuing high rate of unemployment. We want to know when a proposal, if any, is going to be made along the lines of a jobs program, antirecession aid to cities, revenue sharing to cities, along the lines that Mr. Oswald testified to this morning and that our other panelists testified to, that would be most effective in meeting the problems of increasing unemployment.

Mr. GREEN. At this point, the administration does not have a specific date to put forward a spending program that would create additional jobs. I think both in terms of the mechanism that we have available, my own personal interest is that we can push one and pursue that. But I have no date, Senator, that I can announce at this point.

Senator KENNEDY. Well, your own estimate, I understand, from the administration is we are going to have an unemployment rate of approximately 8½ percent for next year; is that correct?

Mr. GREEN. That is what the midyear report shows.

Senator KENNEDY. Did I understand that at least at this time you are not prepared to make any recommendations for a jobs program to deal with that 8½-percent unemployment?

Mr. GREEN. Other than the announcement, as I made earlier, of the pending youth legislation; no, I do not—

Senator KENNEDY. Those recommendations were made before the findings about what the unemployment statistics were going to be.

Since those unemployment statistics now have come out, since we have a projection about what the rate of unemployment is going to be for the remainder of this year and into next year, I gather that the administration at this time is unprepared to make any recommendations with regard to a jobs program to deal with those unemployed individuals?

Mr. GREEN. We have a supplemental before the Congress on trade adjustment, and that has passed—

Senator KENNEDY. Trade adjustment has already been passed by the Congress. That is entitlement. That is not something the administration grants out of their own good heart. That is an entitlement factor which is a result of congressional action. I am just asking what, in addition, you are prepared to do with regard to unemployed and with the figures in the statistics which the admin-

istration has recognized now are going to be the number of unemployed men and women in this country?

Mr. GREEN. At this point, as I said, Senator, I have no announcement as to a period of time.

Senator KENNEDY. Well, what is your own attitude just about jobs programs themselves? Do you not think they are productive?

Mr. GREEN. My own attitude is they are productive and that we have the mechanism to assist more workers. That is my own personal attitude.

Senator KENNEDY. You have the infrastructure so you would be able to put in an effective jobs program?

Mr. GREEN. We could get an appropriation through, I think we could, yes, sir. But my view, Senator, in the last 3 years here with the problems that we have had in maintaining public service employment, youth employment, particularly in the Senate with the Budget Committee has been extremely difficult.

Senator KENNEDY. You are not going to get it until you ask for it, are you?

Mr. GREEN. That is true.

Senator KENNEDY. The question is whether you are going to ask for it. That is my question.

Mr. GREEN. As I answered, sir, I do not have a timetable for that now.

Senator KENNEDY. In 1977, you asked for it——

Mr. GREEN. We did.

Senator KENNEDY [continuing.] When the unemployment figures were less.

Mr. GREEN. I think the addition in 1977, if you look at the base, the CETA program was roughly \$3.5 billion in 1977. With the present appropriation, CETA now occupies over \$9.5 billion of expenditures, and it has better than tripled.

Senator KENNEDY. Well, as I understand, you went from 350,000 CETA jobs up to 750,000 CETA jobs, and your unemployment rate at that time was, when you started, was somewhere around 7 percent, 7½ percent. Now, we are going to have the statistics of 8½ percent, maybe even going as high as 9 percent so you are prepared to ask for at least that increase at a time when you had 7½ percent.

Now, we have your estimates and your projections about unemployment a few months ago were 6 percent and the unemployment figures were 6 percent, when policy was set, and now it is 7.7 and your estimate is going to be 8, 8½, may go as high as 9, and you have cut that down to \$350,000. When are we going to hear from the administration as to what they are going to do on the jobs?

Mr. GREEN. It would require going back for the budget revision if we were to put in additional PSE jobs. I want to point out one thing, Senator, that the increase in PSE was not the total change in the CETA activity. Part of our problem, as you and many members have raised, is lack of connection with CETA and the private sector. That is one item.

Second, we did not have at that time our youth legislation which was passed in 1977 and which increased substantially amounts of services going to young people. These two items represent substantial increase of CETA program as to what we had in 1977.

Senator KENNEDY. Total youth program, we do not want to leave the record to believe that that has been an extraordinary increase in commitment of funding. There has been some funding for that program, some reduced funding in terms of other youth programs themselves, and that policy was set when the unemployment figures were dramatically less than they are now.

It just seems to me that the administration has identified what this problem is now. They underestimated the nature of the growth of unemployment. We have a statement of midyear report of the administration indicating that it is going to be 8.5 percent. We have silence from the administration about any new jobs program, although testimony is overwhelming and convincing from both those that understand the problem and I think most dramatically by those individuals who have lost jobs and cannot find jobs, what jobs are necessary and what are needed, and we have a Republican candidate for the Presidency who is making the major theme of his campaign as a jobs program, to put Americans back to work.

I am just wondering when we are going to find out, when we are going to hear from the administration that they are going to commit themselves to a jobs program in putting Americans back to work. That is what is necessary. That is what is needed. That is what is called for. That is what is essential.

We have heard it through the mouths and the tears of the individuals who have worked a lifetime in different employment in this country. We are now facing some of the most tragic choices that human beings would have to face in our society. We have the recognition of the administration of the problem itself. I just want to know whether we are going to hear anything beyond the fact that, well, the issue of the jobs program is just under review. Maybe that is the answer. If that is the best we can get, then that is the way the record will stand.

You have indicated yourself that you have the ability and the administrative capability and capacity to put into effect an effective jobs program. That is what you have testified to. I think it is important to realize that jobs will keep people off unemployment, keep them off welfare rolls and reduce the need for food stamp programs and these other entitlement programs, and people who have the jobs, to be paying taxes, let alone have the sense of dignity and self-respect for their families.

We are just wondering on this committee, and now I am sure I speak for the full committee, when we are going to have what the administration is going to request, not what you think you may or may not be able to get through Congress but what the administration is going to request, what they are going to fight for and what they are going to go to the country with.

Mr. GREEN. As I indicated, Senator, I am unable to indicate any time. I certainly, speaking for myself, and Secretary Marshall, would join the committee in seeing that we did not have these problems, and I am willing to work as closely with you to see that we can get adequate jobs program. I have no problem in saying that personally. I am unable at this point to indicate when the administration is going to put forth a program.

Senator KENNEDY. I think we are on the same wave length, Mr. Green.

Mr. GREEN. I think we are.

Senator KENNEDY. Maybe we can persuade Mr. Marshall to persuade the powers to be, including the President, to make that commitment, to make that statement to the American people. I fear for these individuals. I fear for these people. I fear for their communities. I fear for the country unless we are going to be able to get that type of assurance.

Senator RIEGLE. I want to follow up on some of the things that the chairman has just said. Let me say at the outset, Mr. Green, as you well know, I have great respect for you, and we worked together a number of times in the past. We will again in the future.

What I am about to say I would not want misunderstood as directed to you personally. I think your statement today is totally inadequate. In fact, I think it is so inadequate that it does not even contain an adequate definition of the problem. I cannot believe within myself that you personally are satisfied with it. I think I just know better than that.

I know anybody who has any background in the kind of industrialized country that you and I know would find it painful to have to accept the status quo as it is or to put forward a response which is in terms of the necessities really an inadequate response, and in effect is not a response. Time is running out. I mean it is running out in the Congress for the people involved. Things are stretched to the breaking point.

We have a situation right now in Flint which you know, as I do, is my home community. Unemployment rate is about 25 percent. We had the very unfortunate shooting incident in our community within the last few days that had racial aspect to it. The community is tense. All budgets for social services have been cut back in every conceivable kind. The requirements for social services are skyrocketing.

I do not know how that community or any community can hold itself together with the kind of problem we are facing without adequate response. I think what is important to note is that the problems that we are facing right now are not the same as they were in the last recession. We are not going through standard cyclical situation for which the old programs were designed to respond. We are into a new situation, and our programmatic network of stabilizers is not sufficient to deal with it.

If you were in the room earlier, you heard witnesses from the table from Michigan who either exhausted their unemployment benefits or are about to, and they have no place to turn. We do not have any institutional mechanism today to respond to that problem. We have a huge bulge of people who are moving through what is left of their unemployment compensation benefits and are going to fall out of that system, are falling out of it every week, every day, and by the end of the year, just in my own State, we are going to have 300,000 people who have no place to turn.

To basically say, look, what we have is adequate, let me quote the exact words, I do not know who wrote this statement but it is an appalling statement, where it says: "We believe that these administration responses have been appropriate to the immediate problems of the current economic downturn, with unemployment concentrated among certain segments and sectors of the popula-

tion." I think to make that claim in light of what we know from the six witnesses who were here today who represent millions of other people, I think, is to abuse the use of words. It is just not true. It is not true. I know it is not true, and they know it is not true. I think you yourself know it is not true.

The question is, What are we going to do about it? Is there going to be any effort made to define this problem in emergency terms in which we exist? Is everybody going to try to tiptoe by the problem and hope that somehow or other it works out? That is not a sufficient response.

I would hope that you could go back and Secretary Marshall could go back and everybody else in the administration who has awareness of the realities in industrial States, and with the kind of unemployment we are experiencing today and plead with the President to make this his No. 1 priority, not once a week, not intermittent meetings, but to be working on it all the time every day.

We met yesterday, a group of us, who are concerned about the problem of the auto industry, which is the sector that is hardest hit here, with Secretary Goldschmidt. It turned out there was even a member of the press in that meeting, that will confirm what I am about to say, and probably already has it into the news. And that is in light of the fact that the ITC refused to speed up its hearing into the problem of Japanese imports, the question was what is to be the new strategy? What is plan B now that plan A has been turned down by ITC?

The Secretary, who I think has worked very hard on this problem and for whom I have great respect, I think his instincts are right, I respect his work, but he had to say to us in that meeting that he does not have a set date to meet again with the President. He thought he might see him Monday or Tuesday, at what I understood him to say was a general Cabinet meeting and perhaps he would have a chance to raise it then.

Look, let me tell you what needs to happen, and if you want to do the President a favor and the country a favor, and things which I know you believe and stand for, as I do, you have to go back today and you have to ask some people to get on this problem in the most urgent sort of way. We do not even have hours, let alone days and weeks left. We are late in responding, months late. This is a different kind of situation. The response has to be designed in a different way to respond to it. The old stabilizing programs are not sufficient. You have to ring this bell, you have to ring it as loud as you can. If people are not willing to listen, you are going to have to find some extraordinary ways to force change just as we are.

I know there is nobody in this Government that feels more deeply about these things than you do. I do not think you can afford to get caught in a trap, nor can we, of trying to put a cosmetic face on something that is falling tragically short of responding to the problem that exists out there. It is getting worse by the day. Somebody has to make an all-out fight here.

I do not know whether the President can be convinced or not. I hope and pray he can. If he does not offer a remedy that starts to show results, then it is not hard for me to see why people in the country are going to be prepared to buy snake oil from Reagan or

whoever else is selling it. There is need for a remedy. To basically say there is no problem, we do not need a remedy, no problem, is to turn this country right over to people who I think show no sense of what this problem is, but could very well end up receiving the support in this country out of desperation because people are looking for some place to turn.

I hope you will take this message back. You cannot do the President, the administration, any greater favor than to indicate that the game is up. This just does not wash. It is not sufficient. It does not come close to being sufficient. We do not have any more time to waste. Rather than to measure this in terms of lost lives, heartache, and suffering on the scale that is now occurring, we have other alternatives open to us. That is to open our mouths and speak about it and fight these issues out until we get a change in policy.

Thank you, Mr. Chairman.

Senator KENNEDY. I do not know whether there is any response that you would like to make.

Mr. GREEN. I think the response that I would make, Senator, is, as I indicated earlier, this is a problem that I do not think the administration has turned its back on, certainly is very difficult, and the problems are unique in the concentration of it. And as I indicated earlier, I am willing to join with you to see that we can get some resolution to it.

I, like you, do not like to see people suffer in terms of unemployment causes, and believe very firmly we have the mechanism and stand ready to work with you. I think that my colleagues and I offer that and are willing to work as we have in the past to come up with some solutions.

Senator KENNEDY. Well, I will just underscore what Senator Riegle has said so well, and that is there is a need for an antirecession program. There is a need for a jobs program. The major domestic concern for the American people is this whole question about whether we are going to be able to put people back to work, permit them to work, and do it in a way which is also not going to see the inflation go right up through the roof.

I think what we have seen is a carefully devised economic policy that has attacked the problem of inflation by throwing people out of work. That policy and economic policy is decided right here in Washington, D.C., and by the administration.

The real question and issue which I think you have to make up your mind about is whether you are going to, on the one hand, come to grips with the central concern that we have heard expressed here today, and that is if there is going to be a jobs program that is going to be worthy of its name, that can reach out to those people, and that it is going to be imaginative and it is going to be creative and it is going to be targeted, and we are going to do it in a way which is going to offer a sense of hope and opportunity and productivity to these millions of Americans, representatives of which we heard here today, hard-working people who have worked over a lifetime in this country, who reject the idea of welfare and unemployment and want to provide for their families, or whether we are going to continue on an economic policy that is

going to put the American economy through the wringer and put these individuals through the wringer.

That is the choice. That is the question. That is the issue.

I hope you will communicate the strong sense and feeling of the members of this committee on that question when you return to the Department.

If there are no further questions, we will recess the hearings.

[Whereupon, at 12:35 p.m., the committee recessed, subject to the call of the Chair.]

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