

The Humphrey-Hawkins Full Employment Act (H.R. 50) is designed to reduce the nation's employment rate to 3 percent by 1980. In order to achieve this goal the bill requires that a coordinated national economic policy be established involving the Federal Reserve Bank, Congress, and the President. While I am in favor of achieving full employment, I have serious reservations about the potential inflationary impact involved in the implementation of such a program.

The cities of Lowell and Lawrence are presently experiencing 8.4 percent and 11.1 percent unemployment respectively. The Fifth District, the State of Massachusetts, indeed most of the Northeast, have experienced record unemployment as a result of the nation's recession. The cost of such long-term joblessness affects us not only now but for years to come. Society pays for unemployment too, not only through unemployment benefits and welfare costs, but also in terms of crime, neighborhood deterioration, and the social and psychological ills which arise from the alienation engendered by joblessness. For these reasons, I think it is crucial that we establish a mechanism to deal with the problem of sustained and concentrated unemployment. Surely our tax dollars are better invested in the long run by assisting the jobless in finding meaningful work as opposed to spending billions in unemployment and welfare benefits.

However, there are certain drawbacks in the Full Employment Act which should be resolved before the Congress considers this legislation. Primarily, I question the feasibility of achieving 3 percent unemployment by 1980. An analysis of H.R. 50 by the Congressional Budget Office states that "an attempt to drive unemployment to the target mandated in the bill within four years would result in an acceleration of wage inflation similar to that experienced in the late 1960's."

Another possible source of inflation is the requirement that wages in public employment programs must be competitive with private industry wages. I believe that such a provision threatens to drive wages upward across the board and eliminates the employee's incentive to ultimately secure work in the private sector.

Finally, I believe it is crucial that unemployment assistance be targeted on pockets of unemployment, rather than being spread across all sectors of the labor market. This is vital to a state like Massachusetts which invests tax dollars in the federal government in excess of its returns, while "Sun Belt" states like Arkansas and Mississippi are federally well-endowed and consequently do not suffer the extreme unemployment experienced in Northeastern states like Massachusetts.

