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Congress of The United States

notes from the joint economic committee

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SUBCOMMITTEE ON ECONOMIC GROWTH STUDIES POLICIES TO IMPROVE EMPLOYMENT PROSPECTS OF WOMEN, MINORITIES AND YOUTHS

The severe impact of the current recession on employment of women, minorities and youths, and the labor market programs needed to improve their employment prospects, were detailed in hearings before the JEC Subcommittee on Economic Growth on July 7 and 8.

Senator Lloyd Bentsen (D - Texas), in opening the hearings noted that "the unemployed could and should be put into paying jobs and that this could be done for little more than the cost of current welfare and unemployment insurance." Bentsen also pointed out that "every time we reduce unemployment in this country by 1%, we pick up $16 billion in tax revenues and unemployment compensation that we do not have to pay."

The severity of the employment problems facing these minorities was well illustrated by the June figures.

- adult women 8.1 percent
- blacks 13.7 percent
- youths (age 16-19) 19.2 percent
- black youths (age 16-19) 33.2 percent

Unemployment projections for 1976 shows that these same groups will continue to bear the brunt of joblessness.

Bentsen pointed out that "if we keep up the current rate of unemployment, you are going to see joblessness among black youths at approximately 50 percent. You are going to see it among all youths at over 20 percent."

Women, minorities and youths, already suffer heavily from structural (chronic) unemployment problems -- lack of skills or education, geographical location, and discrimination in employment.

The main weapon against structural unemployment is the Comprehensive Employment and Training Act (CETA), passed in 1973 to consolidate a variety of labor market programs and turn their administration over to State and local governments. But according to witnesses, it has failed to meet the needs of women, minorities and youths:

- enrollees in CETA programs are older, better educated, less poor, less disadvantaged, whiter and "maler" than before 1973
- financially hard-pressed local governments are helping their budgets by shifting CETA funds out of the job training programs whic most help women and blacks into public service employment and work experience programs with lesser benefits

Among the recommendations of witnesses:

- better Federal enforcement of equal opportunity and anti-discrimination laws:
- rehabilitation of WPA or CCC programs to provide useful jobs and useful job training to the unemployed;
- a program of standby public works to be funded quickly as unemployment rises;
- increased emphasis on apprenticeship programs for development of job skills; and
- improved Federal counter-cyclical assistance to State and local governments

NOTABLE QUOTES

from hearings before the JEC Subcommittee on Economic Growth

Testifying were: *William Lucy, President, Coalition of Black Trade Unionists*
Dr. Barbara R. Bergman, Professor of Economics, University of Maryland
Bernard E. Anderson, Industrial Research Unit, The Wharton School, University of Pennsylvania. Accompanied by Charles R. Perry
Ronald H. Brown, Director, Washington Bureau, National Urban League, Inc.
Ernest G. Green, Executive Director, Recruitment and Training Program Human Resources Agency, New York City
Stanley H. Ruttenberg, President Ruttenberg, Friedman, Gilgallon, Gutches, and Associates; Former Assistant Secretary of Labor for Manpower

RECESSION HITS MINORITIES HARDEST

"This is not an equal opportunity recession. Minorities, women, youth, and blue collar workers are bearing a significantly disproportionate share of the economic loss and deprivation and psychological damage which unemployment brings."

William Lucy, July 7, 1975

"If we add one-half of those who are not in the labor force, the rate of unemployment among young black males today would be at least 65 percent."

Bernard E. Anderson, July 7, 1975

"Among the contributing factors to the high rate of teenage unemployment are:

- limited access to jobs that pay well
- deterioration of inner city schools
- normal adjustment problems to the world of work, including new techniques of production
- social pressures, well intended, to encourage employers to retrain and relocate older workers whose jobs have been displaced, rather than to hire new people

Ernest Green, July 8, 1975

"It is worth reminding ourselves that these groups are not small or marginal. Women, blacks and other minorities add up to 46 percent of the labor force, This 46 percent suffers, not merely from relatively high unemployment rates in good times & bad, but from rates of pay on the order of 60 percent of those earned by white males. For the most part they are relegated by employers to jobs with little chance for advancement; they are not considered when promotion possibilities open up, they are excluded from on the job training opportunities. When, as a result, they have relatively high rates of turnover, this is used to argue their inferiority, and to explain away their unemployment problems."

Dr. Barbara R. Bergman, July 7, 1975

1976 PROJECTED JOBLESS RATES* (Percents)

Group	with 7.9% National Unemployment Rate	with 8.9% National Unemployment Rate
Total, 16 years and over	10.0%	11.2%
Males, 20 years and over	7.0%	8.1
Females, 20 years and over	11.0%	12.0
Both sexes, 16 - 19 years	22.3	24.5
Negro and other races, total	16.2	17.8
Males, 20 years and over	13.4	15.2
Females, 20 years and over	13.0	13.7
Both sexes, 16 - 19 years	45.7	50.9

$$\text{*Estimated jobless rate} = \frac{\text{unemployment + labor force gap}}{\text{potential labor force}},$$

where potential labor force is the number of people who would be working or looking for work if the national unemployment rate were 4.0 percent.
The fiscal 1976 Budget submitted by the Office of Management and Budget in February assumed a 7.9 percent unemployment rate in calendar 1976.

Source: Mr. Ralph Smith, the Urban Institute

RECESSION'S EFFECTS: COMMENTS

"A system whereby 46 percent of our labor force is de facto declared ineligible for certain jobs also creates inflationary pressures as recovery progresses."

Dr. Barbara Bergman, July 7, 1975

"It is one of the saddest ironies of our times, that at a time when unemployment is higher than it has been since before World War II, and with economic growth -- actually declining for the past five successive quarters, we seem to be remarkably unconcerned about doing those things which are necessary to create jobs and stimulate renewed growth."

Stanely H. Ruttenberg, July 8, 1975

"I regret sometimes that we are so economy-minded when it comes to the needs of people yet we would, without hesitation, vote for the same kinds of deficits we were talking about for military procurement."

William Lucy, July 7, 1975

REGAINING FULL EMPLOYMENT

"The most overriding concern in establishing a full employment policy should be that it does not continue a practice of benign neglect insofar as this nation's minority and poor people are concerned. In a period of high inflation such as we are now experiencing and decreased federal expenditures, a disproportionate burden in fighting inflation is being placed upon those who most need the assistance that our government provides."

"I am a firm believer in manpower programs as cornerstones of a jobs strategy. . . A good manpower training program should, at minimum, develop skills consistent with present and anticipated labor market needs. In light of shifting economic demands, training should be open-ended so that the participant can, with further training, increase or modify his or her skills to meet future labor demands. "

Ernest Green, July 8, 1975

RECESSION STATISTICS AND TERMINOLOGY

"The unemployment rate is currently running at nine percent of the labor force, and some people would take that to mean that 91 percent of the population is unaffected by recession. . . Past experience has shown that in a year in which unemployment averages nine percent, the percentage of labor force participants who suffer a period of unemployment is not nine percent, but 25 to 30 percent."

Dr. Barbara R. Bergman, July 7, 1975

"Structural unemployment refers to those groups of workers who, because of lack of skill or education, economic status, geographic isolation and/or discriminatory unemployment refers to situations where workers are laid off or cannot find jobs - the economic situation is such that there are no jobs available. During the 60s, which, for the most part, was a period of economic growth and prosperity, the main problem was structural, not cyclical."

Stanley H. Ruttenberg, July 8, 1975

CHARACTERISTICS OF LABOR MARKET PROGRAM ENROLLEES (Percent distributions)

	Job Training Programs		Public Service Job Programs	
Characteristic	Pre-CETA FY-74	CETA* FY-75	CETA Title II	CETA Title VI
Male	57.7	53.1	63.8	71.4
Female	42.3	46.9	36.2	28.6
Education:				
8 grades or less	15.1	12.6	8.1	7.6
9 - 11	51.1	48.2	18.7	18.4
12	28.6	30.3	43.0	44.9
over 12 grades	5.2	8.9	30.2	29.1
Economically Disadvantaged	86.7	75.9	45.3	44.5
Race:				
White	41.2	45.7	53.9	59.5
Black	36.7	35.1	25.0	20.1
Spanish American	15.4	14.2	16.9	15.3
Other	6.7	5.1	4.1	5.0

* First nine months
SOURCE: Manpower Administration, Office of Community Manpower Programs

PUBLICATIONS

CHINA: A Reassesment of the Economy
A Compendium of Papers
Submitted to the Joint Economic Committee

(This report may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 - Price $5.95. Stock # 052-070-02995-1)

Congress of the United States
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