

is the simple fact that in the fall of 1964 there are 1 million more 17-year olds than 18-year olds. This comes to me partly in my concern for what must happen in higher education, but it also obviously has important implications for the size of the labor force and the number of young people who will be seeking jobs in the next 1, 2, 3, 4, and 5 years.

So, we have to look forward to a situation where, if we are going to maintain unemployment at tolerable levels we must find jobs for between 1.1 and 1.4 new entrants to the labor force each year, and in addition we must also find jobs for some 1.5 to 2 million people who each year lose their jobs as a consequence of changing technology and rapidly increasing productivity in various sectors of the economy. Some people use the term "automation" for the two or three phrases I have just uttered. I do not like the term because it implies something different rather than a continuation of what has been going on at least since the beginning of what we call the "Industrial Revolution," and, I suspect, before that.

I suspect that it may have made just as much difference when people changed from plowing with a stick to plowing with a sharp stick, as some of the technological changes that are going on at the present time.

Well, tax policy, I think, has played a large role in producing the encouraging record of the last 2 or 3 years. Tax policy, has, I think, a large role to play in sustaining our momentum, and, in fact, advancing our progress beyond levels achieved to date.

Let me just review briefly what tax policy has contributed in the course of the last 2 to 3 years. The first efforts of the Administration to bring tax policy to bear on the problem of expanding the rate of growth in the economy came under the 1962 Revenue Act, which included the very important, for our purposes, investment tax credit. The investment tax credit provision of the 1962 Revenue Act is designed to increase the level of investment on the part of business, in machinery and equipment, above that level which would be attained in its absence. What it does is provide for a credit against income tax otherwise payable in the amount of 7 percent of the sum invested in machinery and equipment.

This has the effect of increasing substantially the profitability of new investment. It also has the effect of reducing the need for