The original documents are located in Box 4, folder "Conference on Inflation (1974) - Labor Conference (1)" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

FOR RELEASE ON DELIVERY SEPTEMBER 11, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT

AT THE CONFERENCE ON INFLATION

Good morning. I am pleased to join this morning with so many distinguished members of the Congress, both Democratic and Republican, and the outstanding leaders of America's great labor unions, and guests.

We have gathered here today to deal with inflation, an immediate danger threatening every American.

The future of labor union members and all other Americans depends upon what we can achieve together in the campaign against inflation.

I want to thank you all for participating today in this important meeting. Some of you have generously accepted an additional burden by agreeing to participate in other such meetings. By so doing, you indicate that you share with me the conviction that inflation is the most critical national issue of the day. I deeply appreciate your willingness to work together with me on a problem that transcends America's many special interests--whether Republican or Democratic, labor or business, urban or rural. It also goes beyond any divisions based on age, sex, race, color, or creed.

The enlistment of trade unionists in the war against inflation is consistent with the patriotic involvement of American labor in every great challenge that has faced our nation. Without the productive dedication of American labor, World War II might have ended differently. Labor built America. Labor is America. Together, we must now preserve and enhance the economic base of our existence from everybody's enemy--the scourge of inflation.

We need your advice and guidance on this issue of such overwhelming concern to all your members. I want your ideas on steps we can take to help the individual as well as the nation.

Today's meeting is a part of the series that culminates in the Conference on Inflation on September 27th and 28th. Since this is only a one day session, let us get directly to the point. Let us dispense with formality. Let us be frank. Let us also try to keep our comments brief and on target.

I will certainly welcome, however, any detailed statement anyone wishes to submit in the form of written proposals. Please submit these directly to me, if you will, within the next few days. That

- MORE -

will give us adequate time to consider them before the conclusion of the designated time frame.

You are aware of the severity of inflation. Although inflation is unfortunately no novelty in our economic history, its present form is the worst we have experienced in 27 years. Consumer prices are increasing at an unacceptable annual rate of 11 percent.

Statistics alone are inadequate to describe inflation in human terms. Cold and impersonal numbers and percentages cannot describe the impact on people's lives. While everyone is hit by inflation, some are struck harder than others. I am thinking of families on low and moderate incomes, of older Americans who are struggling on modest pensions, and our young people whose initial experience with the employment scene may not generate real confidence in our economic system.

These are human problems which must guide the actions of Government as well as the decisions of the private sector. Government has a particular obligation to act responsibly. We will make a concerted effort to cut the budget and reduce our expenditures. But we shall wield our budgetary knife ever so carefully, so as not to sacrifice the meat while trimming the fat. Within our general budgetary restraint, we shall be mindful of the need to increase what we allocate to the essential while we decrease what we apportion to programs which are to some extent discretionary.

We also must exercise care to prevent our recently overheated economy from cooling off too fast. We must avoid a damaging recession.

We are now making a cooperative effort in response to the initiative of the distinguished majority leader of the Senate and other members of the Congress on a bi-partisan basis. The legislative and executive branches are working together to seek short-term answers to short-term problems and long-term answers to long-term problems.

In May of 1973, the Administration requested enactment of the Job Security Assistance Act. This proposal is an important part of our policy to assist in a period of rising unemployment. It would modernize the unemployment compensation system without violating the relationship between the States and the Federal Government.

I recognize the concern of many that unemployment might rise because of the policies we must follow to fight inflation.

I am watching the unemployment rate very closely. This Administration will act with compassion. We will not permit the burden of necessary economic restraint to fall on those members of society least able to bear the costs.

- MORE -

The unemployment rate in August, announced last Friday, was 5.4 percent. But we certainly cannot be complacent about any American lacking work.

The present situation calls for full use of available tools and dollars.

I have instructed the Department of Labor to accelerate the obligation of currently available funds under the Comprehensive Employment and Training Act.

The Secretary of Labor will immediately disperse $65 million to those communities in which unemployment is highest. By the end of the month he will make available another $350 million under CETA Title II. This $415 million will finance some 85,000 public sector jobs in State and local governments. Added to the almost $550 million obligated for public service employment in June from the FY 1974 appropriation, and about $50 million in prime sponsorships under the CETA Title I have allocated for this purpose, currently available resources will provide 170,000 public service jobs this coming winter. The effect of these actions will be to double the number of federally funded public service jobs. In addition, $1.3 billion will be available to State and local governments for manpower programs.

Beyond this, drawing on the outcome of the Conference on Inflation, and your suggestions, we will develop contingency plans against the possibility that unemployment might give evidence of rising to substantially higher levels. If the employment statistics demonstrate the need in the future, we will be ready to present such plans to the Congress and to work together to assure a mutually satisfactory course of action before the end of this session.

To leaders of our labor unions, and to the captains of industry, I make a sincere appeal for restraint. And it must be a self-imposed restraint. As I have said before, there will be no controls imposed on wages and prices. Settlements at the bargaining table are the responsibility of the participants as long as they respect the public interest.

We need your help today, not merely for my Administration, but for the whole Nation. I hope this discussion will not only be productive of ideas to preserve the American dollar, but will demonstrate that we remain a nation united.

# # #

SEPTEMBER 9, 1974

Office of the White House Press Secretary

NOTICE TO THE PRESS

The following labor leaders and members of the Senate and House of Representatives will meet with President Ford on Wednesday, September 11, 1974, as part of the Summit Conference on Inflation.

- MORE -

LABOR
September 11, 1974 - Washington, D.C.

Mr. I. W. Abel
President
United Steelworkers of America
Five Gateway Center
Pittsburgh, Pennsylvania 15222

Mr. Al H. Chesser
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Mr. C. L. Dellums
President, Brotherhood of Sleeping Car Porters
5253 Thrill Place
Denver, Colorado 80207

Mr. C. L. Dennis
President, Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees
O'Hare International Transportation Center
6300 River Road
Rosemont, Illinois 60018

Mr. Thomas R. Donohue
Executive Assistant to the President
American Federation of Labor and Congress of Industrial Organizations
815 Sixteenth Street, N.W.
Washington, D.C. 20006

Mr. Nelson J. Edwards
Vice President
United Auto Workers of America
800 East Jefferson Avenue
Detroit, Michigan 46402

Mr. Francis S. Filbey
President, American Postal Workers Union
817 14th Street, N.W.
Washington, D.C. 20005

- MORE -

LABOR
September 11, 1974 - Washington, D.C.

Mr. Murray H. Finley
President
Amalgamated Clothing Workers of America
15 Union Square
New York, New York 10003

Mr. Thomas W. Gleason
President
International Longshoremen's Association
17 Battery Place
New York, New York 10004

Mr. Max Greenburg
President
Retail, Wholesale, and Department Store Union
101 West 31st Street
New York, New York 10001

Mr. A. F. Grospiron
President
Oil, Chemical and Atomic Workers International Union
1636 Champa Street
Denver, Colorado 80201

Mr. Paul Hall
President
Maritime Trades Department
675 Fourth Avenue
Brooklyn, New York 11215

Mr. George Hardy
President, Service Employees International Union
American Federation of Labor and Congress
of Industrial Organizations
900 Seventeenth Street, N.W., Suite 708
Washington, D.C. 20006

- MORE -

LABOR
September 11, 1974 - Washington, D.C.

Mr. Lane Kirkland
Secretary-Treasurer
American Federation of Labor and Congress of
Industrial Organizations
815 Sixteenth Street, N.W. Washington, D.C. 20006

Odessa Komer
Vice President
United Auto Workers of America
800 East Jefferson Avenue
Detroit, Michigan 46402

Mr. John H. Lyons
President
International Association of Bridge and
Structural Iron Workers
1750 New York Avenue, N.W., Suite 400
Washington, D.C. 20006

Mr. George Meany
President
American Federation of Labor and Congress
of Industrial Organizations
815 Sixteenth Street, N.W.
Washington, D.C. 20006

Mr. Arnold Miller
President
United Mine Workers of America
900 Fifteenth Street, N.W.
Washington, D.C. 20005

Mr. Murray W. Miller
Secretary-Treasurer
International Brotherhood of Teamsters, Chauffeurs,
Warehousemen and Helpers of America
25 Louisiana Avenue, N.W.
Washington, D.C. 20001

- MORE -

LABOR
September 11, 1974 - Washington, D.C.

Mr. Frederick O'Neal
President, Actors and Artistes of America
165 West 46th Street
New York, New York 10036

Mr. Albert Shanker
President
American Federation of Teachers
1012 14th Street, N.W.
Washington, D.C. 20005

Mr. Sol Stetin
President
Textile Workers Union of America
99 University Place
New York, New York 10003

Mr. Joseph P. Tonelli
President
United Paperworkers International Union
163-03 Horace Harding Expressway
Flushing, New York 11365

Mr. Martin J. Ward
President
Plumbing and Pipe Fitting Industry of the
United States and Canada
901 Massachusetts Avenue, N.W.
Washington, D.C. 20001

Mr. Hunter P. Wharton
General President
International Union of Operating Engineers
1125 17th Street, N.W.
Washington, D.C. 20036

Mr. Leonard Woodcock
President, International Union, United Automobile,
Aerospace and Agricultural Implement Workers
of America
8000 East Jefferson Avenue
Detroit, Michigan 48214

- MORE -

LABOR

September 11, 1974 - Washington, D.C.

Mr. Jerry Wurf
President
American Federation of State, County and
Municipal Employees
1155 Fifteenth Street, N.W.
Washington, D.C. 20005

Mr. Floyd E. Smith
President
International Association of Machinists
and Aerospace Workers
1300 Connecticut Avenue, N. W.
Washington, D. C. 20036

- MORE -

Congressional Representation

Labor Meeting, September 11, 1974

Senate

1. Lawton Chiles (D-Fla.)
2. Richard Schweiker (R-Pa.)
3. Robert Packwood (R-Ore.)
4. Harrison Williams (D-N.J.)

House of Representatives

1. Wright Patman (D-Tex.)
2. Carl Perkins (D-Ky.)
3. John Rhodes (R-Ariz.)
4. John McFall (D-Calif.)
5. Barber Conable (R-NY)
6. Al Quie (R-Minn.)

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FOR IMMEDIATE RELEASE SEPTEMBER 11, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE CONFERENCE ON INFLATION

THE EAST ROOM

9:47 A.M. EDT

Let me at the outset wish you all a good morning and to express my deep appreciation for your attendance at this very important and very critical meeting.

Naturally I am very pleased to have in attendance the distinguished Members of the House and the Senate -- both Democratic as well as Republican -- and I am especially pleased to see so many outstanding labor leaders in the United States. And I warmly welcome each and every one of you.

Obviously we are gathered here to deal with the inflation and the immediate danger that is threatening every American, young and old, poor and well-to-do.

It is a very critical issue. I think the future of labor union members and all other Americans depends upon what we can achieve together in this campaign against inflation. And I wish to reemphasize my appreciation for your participation.

Some of you have generously accepted an additional burden by agreeing to participate in such other meetings. By so doing, you have indicated that you share with me the conviction that inflation is the most critical national domestic issue facing the United States.

I am grateful for your willingness to work with me on a problem that transcends America's many special interests, whether Republican or Democratic, labor or business, urban or rural.

I think it also goes beyond any division based on age, sex, race, color or creed.

The enlistment of trade unionists in the war against inflation is consistent with the patriotic involvement of American labor in every great challenge that our nation has faced. Without the productive dedication of American labor, World War II might have ended very differently.

MORE

Labor built America and labor is America. Together we must now preserve and enhance the economic base of our existence from everybody's enemy, the scourge of inflation. I have described it as public enemy number one in America, and it might be expanded actually to say that it is a worldwide problem.

We need your advice and we need your guidance on this issue of such overwhelming concern to all your members. I want your ideas on steps which can help the individual as well as the nation.

Today's meeting is a part of the series that culminates in the conference on inflation on September 27 and 28. Since this is only a one-day session, let's get directly to the point. Let's dispense with formality. Let's be frank. Let us also try to keep our comments brief and specifically on target.

I should say that the meeting we held last week with 28 outstanding economists was by all standards a success.

I must confess I was dubious that we could get that many divergent economists together and have them come up with a superb performance, which they did, and I am confident in this room we can have the same constructive results.

I will certainly welcome, however, any detailed statements that anyone wishes to make in the form of a written proposal, and please submit these directly to me, if you will, within the next several days. This will give us adequate time to consider them before the conclusion of the designated timeframe.

You are aware of the severity of inflation although inflation is unfortunately no novelty in our economic history.

MORE

But the present form is the worst we have experienced in 27 years. Consumer prices are increasing at an unacceptable annual rate of 11 percent. Statistics alone are inadequate to describe the inflation in human terms, cold and impersonal numbers and percentages cannot describe the impact on individual lives.

While everyone is hit by inflation, some obviously are hit much harder. I am thinking of families in the low and moderate income levels, of older people who are struggling, trying to live on modest incomes, or young people whose initial experience with the employment scene may not generate confidence in our economic system. These are very real problems which must guide the actions of Government as well as the decisions in the private sector.

Government has the particular obligation to act responsibly, and we will. We will make a concerted effort to cut the budget and reduce our expenditures to show our willingness to sacrifice. But we shall wield our budgetary knife ever so carefully so as not to sacrifice the meat while trimming the fat.

Within our general budgetary restraint, we shall be mindful of the need to increase what we allocate to the essential, while we decrease what we apportion to programs which are to some extent discretionary.

We also must exercise care to prevent our recently overheated economy from cooling off too rapidly. We must, at all costs, avoid a damaging recession.

We are now making a cooperative effort, in response to the initiative of the distinguished majority leader of the United States Senate and other Members of the Congress, on a bipartisan basis. The Legislative and Executive Branches are working together and this is evidenced by the people who are here from both political parties to seek short-term answers to short-term problems and long-term answers to long-term problems.

In May of 1973, the Administration requested enactment of the Job Security Assistance Act. This proposal is an important part of our policy to assist in a period of rising unemployment. It would modernize the unemployment compensation system without violating the relationship between the States and the Federal Government.

I recognize the concern of many that unemployment might rise because of the policies we must follow to fight inflation. I am watching the unemployment rate very, very closely. This Administration, as I said the other day, will act with compassion. We will not permit the burden of necessary economic restraint to fall on those members of society least able to bear the cost.

MORE

The unemployment rate in August, announced last Friday, was 5.4 percent. But we certainly cannot be complacent about any American lacking work. The present situation calls for full use of currently available tools and dollars. As a consequence, I have instructed the Department of Labor to accelerate the obligation of currently available funds under the Comprehensive Employment and Training Act.

The Secretary of Labor will immediately disburse $65 million to those communities in which unemployment is at the highest level. By the end of the month, he will make available another $350 million under the CETA's Title II program. This $415 million will finance some 85,00 public sector jobs in State and local governments.

Added to the almost $550 million obligated for public service employment in June from the FY 1974 appropriation, and about $50 million in prime sponsorships under the CETA Title as allocated for this purpose, currently available resources will provide approximately 170,000 public service jobs this coming winter.

The effect of these actions, based on the tools and the dollars we have, will be to double the number of Federally funded public service jobs. In addition, $1.3 billion will be available to State and local governments for manpower programs.

Beyond this, drawing on the outcome of the Conference on Inflation, and your suggestions, we will develop contingency plans against the possibility that unemployment might give evidence of rising to substantially higher levels.

If the employment statistics demonstrate the need in the future, we will be ready to present such plans to the Congress and to work together to assure a mutually satisfactory course of action before the end of this session.

To the leaders of our labor unions, and to the captains of industry, I make a sincere appeal for restraint. It must be a self-imposed restraint. As I have said before, there will be no controls imposed on wages and prices, as far as I am concerned. Settlements at the bargaining table are the sole responsibility of the participants, so long as they respect the public interest.

We need your help today, not merely for my Administration, but for the whole Nation. I hope this discussion will not only be productive of ideas to preserve the American dollar, but will demonstrate that in a time of crisis we remain a Nation united.

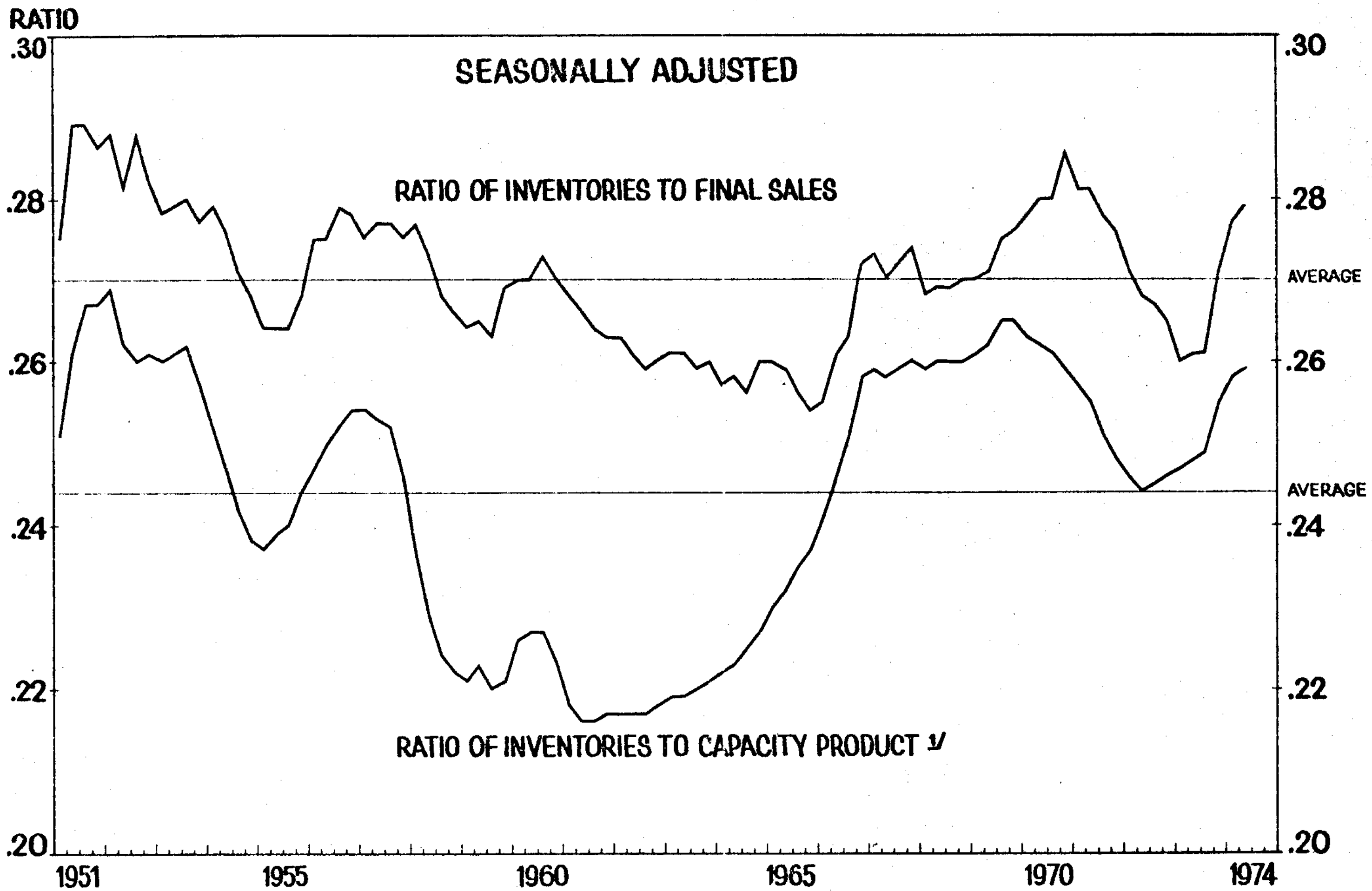
MORE

With those opening observations and comments, I would like to move now to some observations and comments.

First, I would like to call on my friend George Meany, who will make his comments.

END (AT 10:01 A.M. EDT)

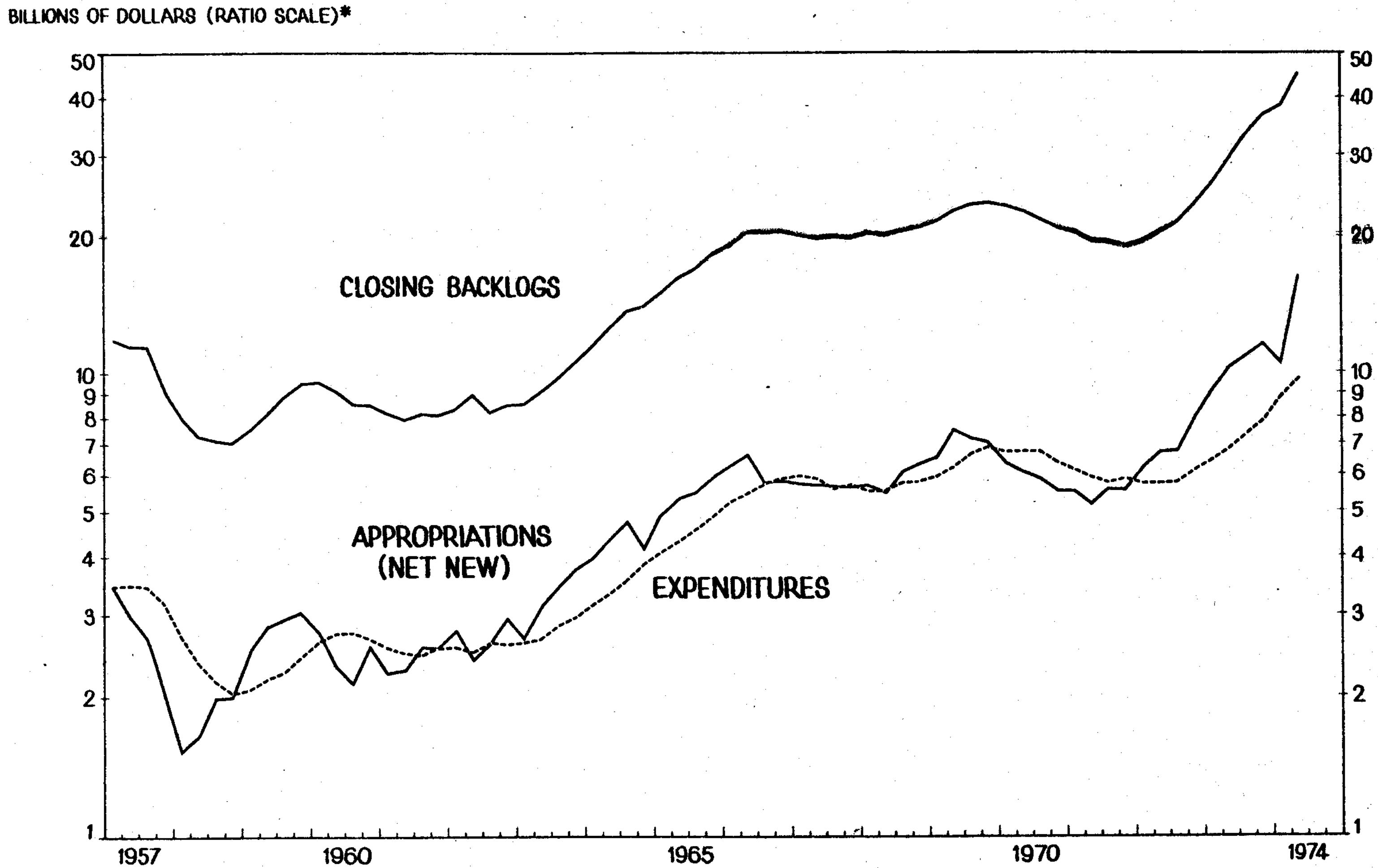
RATIO OF NONFARM INVENTORIES IN 1958 DOLLARS TO SELECTED MEASURES OF NONFARM BUSINESS SECTOR PRODUCT IN 1958 DOLLARS



1/ BASED ON 8 QUARTER SMOOTHED MOVING AVERAGE CAPACITY PRODUCT SERIES.
THE UNDERLYING CAPACITY SERIES IS NONFARM BUSINESS OUTPUT IN 1958 DOLLARS DIVIDED BY WHARTON MM &U UTILIZATION RATE.

SOURCES: DEPARTMENT OF COMMERCE, WHARTON EFA, AND COUNCIL OF ECONOMIC ADVISERS.

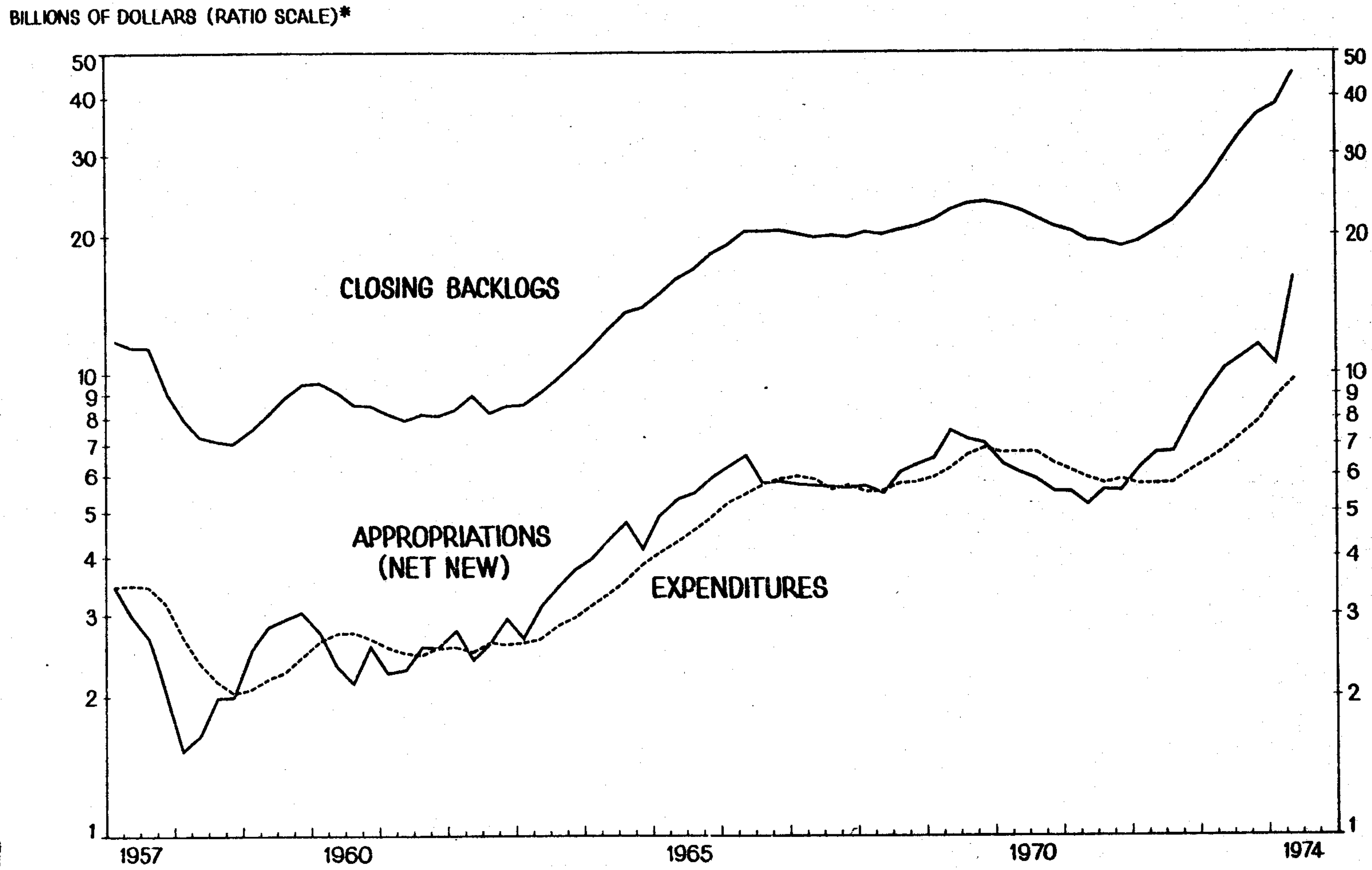
MANUFACTURING
CAPITAL APPROPRIATIONS, EXPENDITURES, AND BACKLOGS



* SEASONALLY ADJUSTED QUARTERLY RATES.

SOURCE: THE CONFERENCE BOARD.

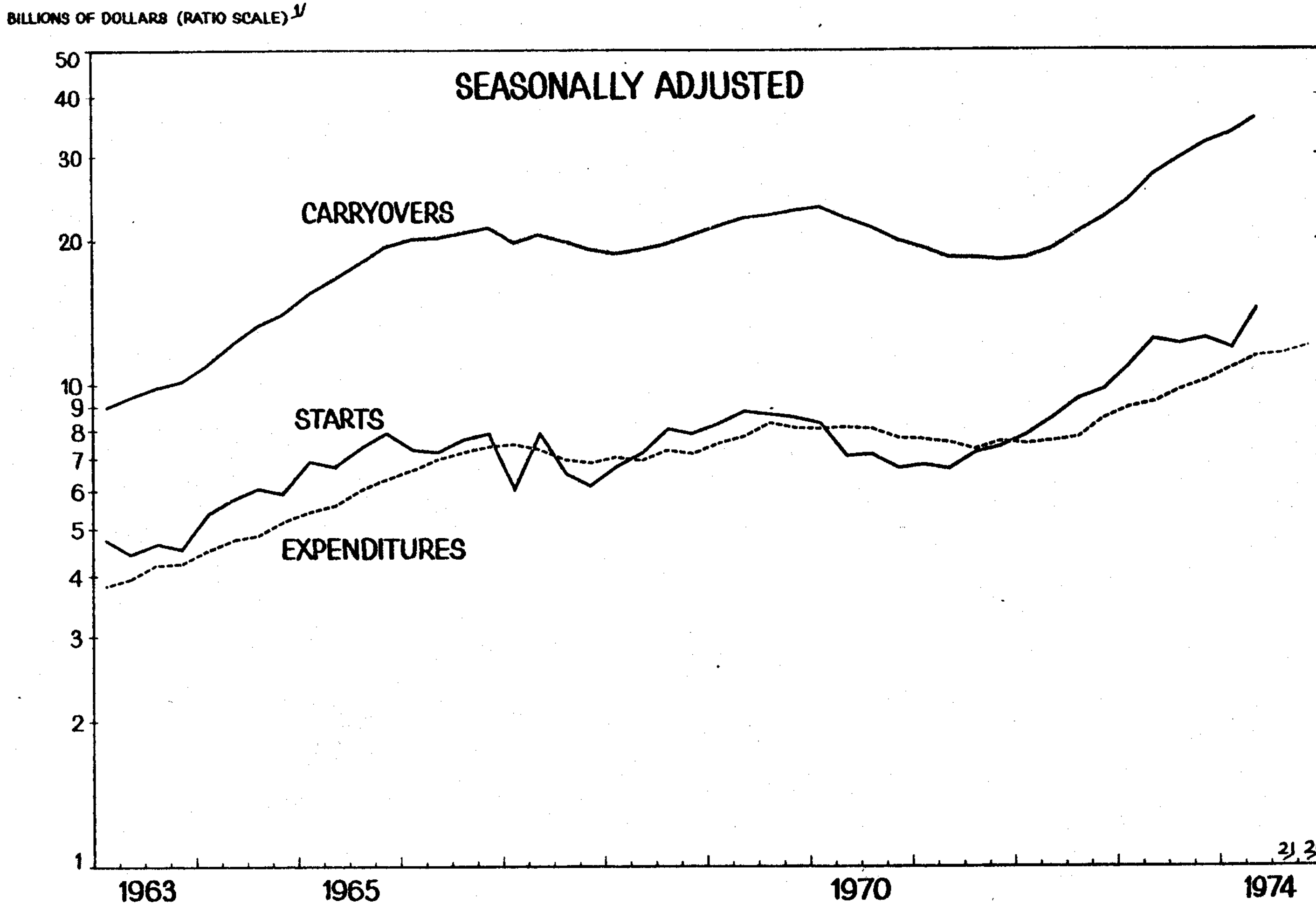
MANUFACTURING
CAPITAL APPROPRIATIONS, EXPENDITURES, AND BACKLOGS



* SEASONALLY ADJUSTED QUARTERLY RATES.

SOURCE: THE CONFERENCE BOARD.

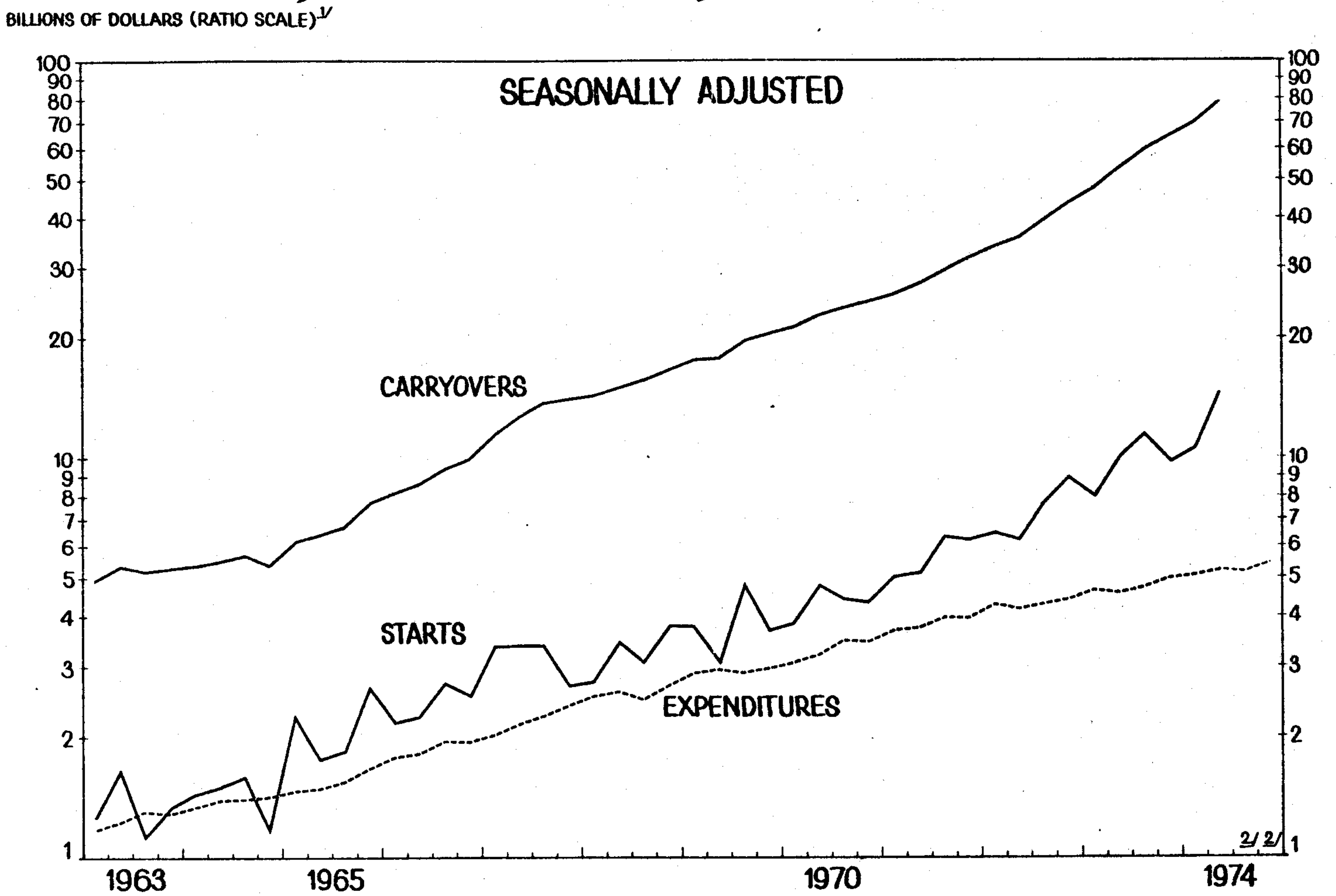
MANUFACTURING PLANT AND EQUIPMENT STARTS, EXPENDITURES, AND CARRYOVERS



1/ QUARTERLY RATES.
2/ PLANNED EXPENDITURES.

SOURCE: DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS.

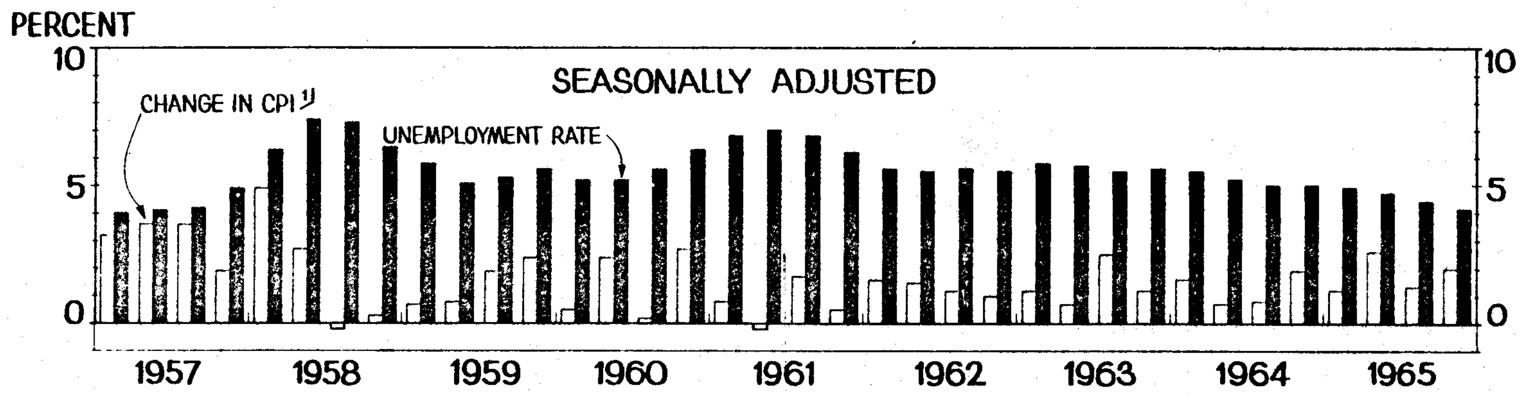
PUBLIC UTILITIES PLANT AND EQUIPMENT STARTS, EXPENDITURES, AND CARRYOVERS

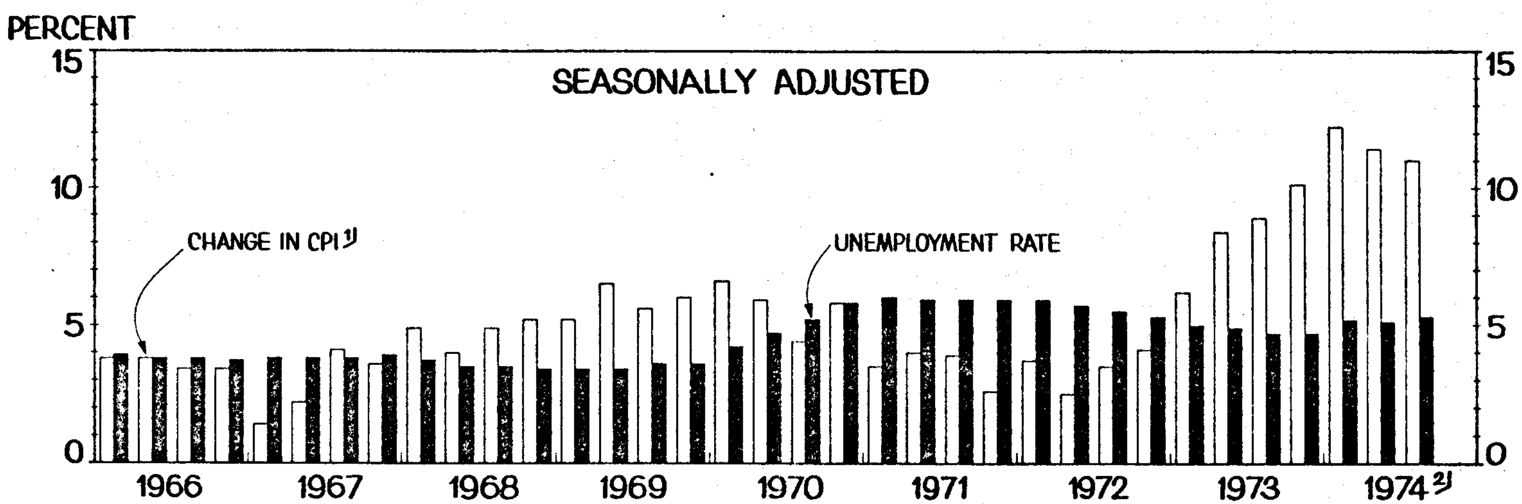


1/ QUARTERLY RATES.
2/ PLANNED EXPENDITURES.

SOURCE: DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS.

INFLATION AND UNEMPLOYMENT RATES



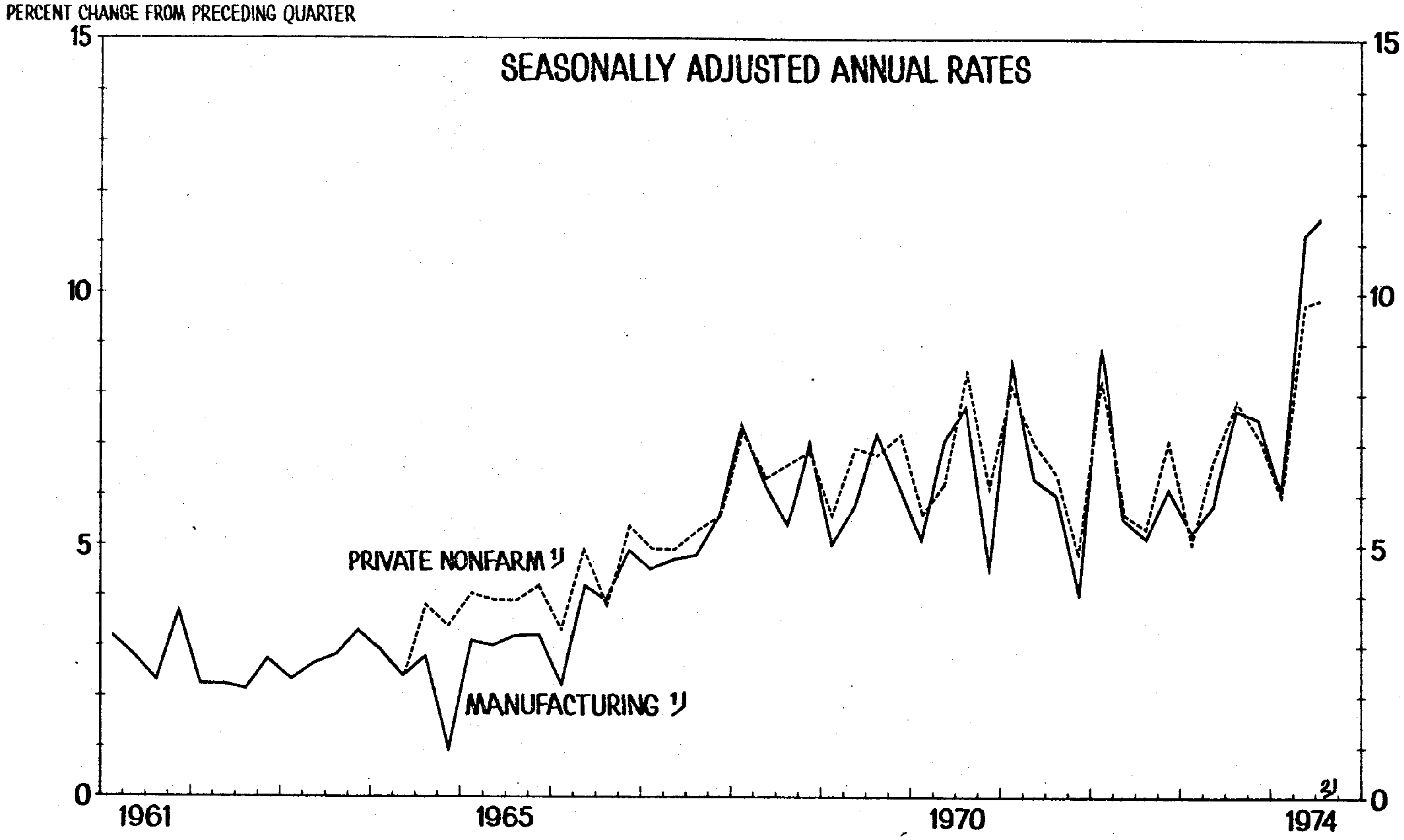


1/ CHANGE FROM PRECEDING QUARTER AT AN ANNUAL RATE.

2/ UNEMPLOYMENT RATE FOR JULY AND CHANGE IN CPI FROM SECOND QUARTER TO JULY.

SOURCE: DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

CHANGES IN PRIVATE NONFARM AND MANUFACTURING HOURLY WAGE RATES



1/ AVERAGE HOURLY EARNINGS ADJUSTED FOR OVERTIME (IN MANUFACTURING ONLY) AND FOR INTERINDUSTRY EMPLOYMENT SHIFTS.

2/ CHANGE FROM SECOND QUARTER TO JULY.

SOURCE: DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

LABOR SUMMIT ON INFLATION

September 11, 1974

PROCEEDINGS

PRESIDENT FORD: Good morning.

I am pleased to join this morning with so many distinguished members of the Congress, both Democratic and Republican, and the outstanding leaders of America's great labor unions, and guests.

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These are human problems which must guide the actions of Government as well as the decisions of the private sector.

Government has a particular obligation to act responsibly. We will make a concerted effort to cut the budget and reduce our expenditures.

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We need your help today, not merely for my Administration, but for the whole Nation. I hope this discussion will not only be productive of ideas to preserve the American dollar, but will demonstrate that we remain a nation united.

Those opening observations and comments. I would like to turn now to some observations and comments.

First, I would like to call on my friend George Meany who will make his comments.

MR. MEANY: Thank you very much, Mr. President.

And I appreciate the opportunity afforded to us. So that the thinking of the American trade unions would be of some service in treating this problem.

I think all Americans agree with your announced judgment, Mr. President. Certainly, the union members we represent and their families agree with the priority this Administration has given to this problem.

We will not try to recite for you all the various statistics that are put out by agencies of the Executive Branch of the Government that clearly show that this country is in a recession.

By the same token, we hope that we and our members as well as the American people will be spared the optimistic rhetoric so often used by the past Administration.

It is our opinion that this Administration would be making a grave mistake if it attacked inflation as the only problem besetting this country.

Worse than that, it would be jeopardizing the lives of thousands of Americans. It would be bad government, in our view, to fight inflation by making the recession worse.

The burden of fighting inflation and recession is the truth, the truth of the economists, the truth of the leaders of vision, the truth of the leaders of labor, and all the other truths.

We intend to try and give you the benefit of our assistance. The first is that today's inflation is not caused by excessive demand, which is the classic reason for inflation, too many dollars chasing too few goods.

Hence, we believe that budget cuts, high interest rates and tight money, which might be appropriate weapons against excessive demand inflation, certainly, will not work on today's inflation.

Indiscriminate budget cutting could compound recession. Higher interest rates could only insure higher prices.

Tight money only chokes an economy that needs to grow. Another truth is that unemployment hurts people. It's easy for the government economists to talk about acceptable rates of unemployment, but it is very difficult for people who are unemployed.

The prospect of a deepening recession and mounting unemployment, even in the name of the glorious battle against inflation.

It is a frightening prospect for millions of

Americans.

Their only hedge against inflation is their job. And these American workers, whom we represent, are not economists, not bank officials, or corporate executives, people who do not have to worry about this.

We look to our government for protection. I would like to respectfully submit that as a starting point that we all should agree that we are doing something wrong.

Back in 1969 a program was made up by the Administration, tight money, restricted credit, all the so-called ideas that the economic experts at that time brought to bear on the Administration.

And this fight against an unacceptable rate has increased. We were told that the 4.3 percent, or whatever it was, in February of 1969 was unacceptable, and that the Administration was going to see that it was either held down or brought down.

And we were assured that this was going to be done without causing anymore unemployment. The economists that we have, and we have some that we feel are pretty good, they said this didn't make sense.

The tight money and restricted credit are bound to cause unemployment. But we were assured that this was not so, that this was not going to happen. And we were assured in writing, if you please, in February of 1969 by the President of the United States. He put it in writing, that the workers were not going to pay through increased unemployment.

So I think we've got to start by admitting we are doing something wrong. We've been going down the hill -- down hill for five and a half years under the present economic policy that we have right up to this date.

I think we've got to have some new thinking on the part of the experts, some new ideas, and some new direction.

I think we should, despite the fact that you have assured us, Mr. President, there are going to be no wage and price controls, I think we should take a look at the 32 months of the so-called stabilization program starting on August 15th, 1971 and ending on April 30th of 1974.

And during this period it is our contention that workers and their unions were subject to one-sided control on workers' wages.

But there were no effective controls on prices and no restraints whatsoever on corporate stock. The program included at its beginning huge tax cuts for business. This was supposed to help.

In the name of economic stabilization this added to $6 billion a year. We feel that these were tax giveaways to the business community.

From the very start this program was inequitable, unjust and unfair. However, the main point is it did not control inflation.

While wages were held at five and one-half percent, prices kept going up and up and they're going up right to this very minute.

Now, in addition, of course, there were things that happened that we didn't like very much. Our contracts were abrogated, they were nullified from the balcony, as it were.

It reminded me of of Peron and Mussollini, making decisions from a balcony. Our contracts were nullified, legal contracts.

We negotiated with the government right in the middle of the conference. And we were told on the 16th of August that these contracts were no longer valid.

Well, that was a mistake. Of course, the President himself admitted it was a mistake, because late in December he signed an Act of Congress that validated those contracts.

The Congress decided to vote contracts between union and its employers as valid. However, we were still faced with the unfair controls.

Again, Mr. President, I agree. I am delighted to hear you say there are no controls, but there are some great minds along the economic field that feel, well, let's have guidance.

And to me, this guideline is the same as the controls, because, Mr. President, you've never seen greater patriotism, greater civic pride on the part of employers when you give them a guideline on wages.

So each one of them becomes a great patriot. They are going to go along with the national administration. They are going to go along with the country, and the interests of the country happen to dictate that wages be held down.

We had guidelines back in the days of President Johnson. Price and wage controls will not work in this matter.

In this diverse economy -- this is a great big country, and the minute you put on price and wage controls unless the control is absolute and complete, wages controlled by fiat with the Government, prices controlled right down to the last local grocery store.

18 If you've got that kind of a control, this may work. And that's the kind of a control that's equitable, all forms of income controlled, all forms of prices controlled, at the wholesale level, at the retail level, all down the line.

Now, the only other situation where there is complete ecstasy is where there are no controls. And we have said in the trade union movement for the past 8 years, we've said it time and time again, that we want to fight inflation; we're the victims of inflation; our members are the victims of inflation; and that we will join and cooperate in any program that is equitable, completely equitable, equitable where we sacrifice, where the other segments of American society will sacrifice.

And, Mr. President, I'm delighted to hear you say that there will be no controls, and I want to assure that as far as we in the trade union movement are concerned, to the extent that I can speak for the trade union movement, we want to fight inflation.

We want to turn this economy around. We don't want a recession. And I heard this morning that Professor Samuelson -- well, he said that he expects a depression, but it won't be as bad as 1929.

So, thanks for nothing.

We will cooperate, I am sure, to the fullest extent, and I am sure that the people sitting here at the table with me this morning will let you know what they think.

Maybe what they think won't please you completely, but you will at least give them credit for saying what they think, and I will give you credit for being ready to listen to what they think.

Thank you very much.

PRESIDENT FORD: Thank you very much, George.

I want it clearly understood that in this meeting, as in the preceding one and those that follow, we want the unvarnished truth as people see it.

There will be differences as to what the facts are, but as I have said many times, we want whatever people believe to be said.

Secondly, I fully agree with you that we do not want any reimposition of wage and price controls, and I see no circumstances that would prompt me, the Congress, or anybody else who understands this problem to recommend such action by the Government.

Thank you very much.

Next, my old friend from western Michigan, Leonard Woodcock, of UAW-CIO. Leonard.

MR. WOODCOCK: Thank you, Mr. President.

I most certainly associate myself with the remarks made by Mr. Meany. I don't have to say to you, sir, that inflation is not an easy problem.

Indeed, a few weeks ago, the distinguished economist who, last year, got the Nobel Prize for Economics said, and I quote him, "One reason why economists are in such disrepute is that they have pretended to understand inflation, to know how to control it, when obviously, we do not."

It is, of course, as much an international problem as domestic, and it can't be treated in isolation, because the policies pursued, obviously, have substantial impact on the economy, and we, too, think we have a recession.

Within the practical range of alternatives, manipulating demand will have very little impact on this inflation.

Cutting Federal spending will not get prices down, we believe, nor do we think will a tight monetary policy. But, it will deepen the current recession, it will increase unemployment, it will reduce the economic welfare.

Real demand has already been cut too much by the overall budget surpluses of all governments, when you add together Federal, State and Local, by inflation and, particularly, by the huge increases in the oil and food bills.

Real demand should be increased by the easing of monetary policy coupled with credit allocations to channel funds where they are needed, as in housing, construction and the utilities; in Government spending in critical areas, construction of needed social input structure, energy research and development, I think, above all things -- manpower programs, and so on. We are happy that you are keeping your eye on that.

And, some increase in effect of demand by lessening the burden of taxation on lower and middle incomes, with compensating increases on the rich and the large corporations.

Now, I must admit, these have little to do with inflation as such, but some can help in easing the sacrifice of the most vulnerable, which is most important.

In addition, in that regard, the public employment program, to which you, Mr. President, have referred, geared to the seriousness of the unemployment problem, we agree, both locally and, of course, nationally.

And we think income maintenance schemes tied to the Consumer Price Index to provide a basic standard for the poor -- we think we need to take another look at the negative income tax.

I would also suggest the indexation of the minimum wage. Now, there is no universal remedy for slowing down prices. The problem is much different in one segment of the economy than another, and we would like to suggest the advisability of ongoing task forces, drawing on expert knowledge, in those parts of the economy troubled the most.

Health care, obviously, is one of the most important, because those inflation costs still are persisting at 50 percent above the general level.

Agriculture, certainly; we need to encourage production still more. We do not think there should be a restriction on exports, because we need those exports to fund our imports.

But we do need, it seems to me, to examine the policy, to insulate, at least in part, the American consumer from high world prices through subsidy and, certainly, the question of all forms of energy.

Now, Mr. President, every bit of our economy is run by plan, except the economy itself, as a whole, has no plan. We think this country has got to look at the possibility of an economic planning board, as other countries have, with considerable success, and begin to develop institutions which can monitor key sectors, foresee problems, and help us make adjustments before disasters overtake us; and, I think, too, recognize that the invisible hand of the marketplace does not work very well in the modern world of huge producers whose prices are set by administrative fiats.

We suggest again the setting up of a permanent price wage review board with subpoena powers, to get all the essential economic data into the light of day, in those industries where one or two producers are dominant in price setting.

Obviously, one must include the unions in that review process, but with no mandatory powers to control, simply to get what is now secret information into the public view.

In conjunction with that, a general counsel for those problems which fall outside the small, but obviously, most powerful, circles.

We think, too, we need a thorough ongoing review of Antitrust laws, for possible reform.

And I might say, finally, Mr. President, with regard to the appeal for wage restraint, there are some of us sitting at this table who negotiated contracts, some under the shadow of partial control, some, as Mr. Abel, outside of controls, and we set contracts so they are geared to a three percent annual increase that is protected by cost of living.

But, Mr. President, the cost of living wage increase is paid up to three months after the prices in fact have risen, so that it is not full protection.

It is not full protection going in -- that is, less protection as the contract runs its course. So that, constantly, that three percent is eroded.

And with the level of inflation up to where it is now, the erosion is greater. We have been restrained, Mr. President, both under the shadow of controls and outside the shadow of controls, and I am grateful that Mr. Greenspan acknowledged the other day that labor cost push is not part of our present problem.

I hope that the future fears of your advisors don't prompt any notion to try and get us in the corral when we are so meekly in the pasture.

(Laughter.)

PRESIDENT FORD: Thank you very much, Leonard. I have never heard that quip before. I do appreciate your very thoughtful and very helpful comments.

I think we are off to a good start, and at this point, I would like to ask Dusty Miller to make his recommendations on behalf of the Teamsters.

I want to make a public apology for not seeing to it that you were here on Labor Day, when we had the signing of the historic Pension Reform legislation. It was, regrettably, one of those slips that I accept as my responsibility, and I apologize. We won't let it happen again.

MR. M. MILLER: Mr. President, I sincerely want to thank you for the opportunity to express my views on this matter.

Consider interest rates as the prime cause of inflation rather than a solution. I think I would not be too far off to describe money as a commodity that is bought and sold.

Also, it is a commodity that is necessary to people in all walks of life.

All of them must buy it and if the price of money is high it increases the cost of living.

Increases in the cost of living are inflationary. We believe that the first policy step in stopping inflation would be for the government to immediately relax its money structure.

Not only would it have an anti-inflationary effect but it would stimulate industries such as housing, and it would have an anti-inflationary effect. It would provide jobs and work; rather than theproposed alternate for the government to step in when unemployment reaches a certain level to hand out jobs, which can only be demeaning.

Another area we believe the nation should gather together inflation data is in the area of international companies.

WE know that these companies have no loyalty to any one nation. Rather they play the economy of one nation against the others.

We suggest the appropriate agency of the Executive Branch sponsor experts and take their testimony of the effect of these financial giants have on inflation.

And we suggest that inflation is a world-wide problem. Another area of consideration which we can see as very important is that the market place is dominated by monopolies.

In this regard it is extremely important that fair competition be re-established in the market place. Antitrust laws must be vigorously enforced.

Combines in the trade must be broken up, and price fixing must be wiped out if the economic theories of ours are to work.

We are not encouraging that simply monitoring of the economy have much effect on inflation. We believe that more is needed. I need not labor this response with statistics on excessive profits which are available in volume for the asking.

Therefore, we believe that a series of price roll-backs are necessary where profits and interest rates have been exorbitant.

How else can we be re-establishing the balance between purchasing power and prices in the market place?

How else can we return to a pdnt where the consumer can expect dollar worth in value for the expenditure of that amount of his wages?

Failing a return to that economic reality we see the danger of a crippling depression. Most of us are old enough to recall the depression of the thirties, and know the human miseries of that sad period of our nation must be avoided at all costs.

And at this point, I hasten to add that we have never agreed to a control on wages, or restraints on the negotiations for new labor agreements, until the time that the balance between the purchasing power and prices is a reality.

To do less would be to forfeit the standard of living of all working people.

If we succumb to the premise that the ordinary citizen will not enjoy prosperity without runaway inflation, then we are in a whole new ball game.

I happen to believe with wise management of our affairs we can maintain our present standard of living by bringing inflation under control.

Properly so, much has been made of cutting government spending to combat inflation. Certainly there is fat in the federal budget that can be cut, but we do not believe that such cutting should sacrifice programs designed to help the poor and the elderly.

Theirs is a fixed income, one that they planned during their productive years by wise management of their affairs.

It would be cruel irony to cut programs to supplement those on fixed incomes in pension years and those living on Social Security.

Much is made of increased productivity as a means of fighting inflation, but in too many incidents we find corporations producing 65, 70, or 75 percent of capacity rather than full productivity.

Shortages exist because of that kind of managed productivity. We believe it should be a matter of concern and there should be rewards for full productivity, and not for productivity contrived to extract the greatest amount of profit.

I would in all candor, highly criticize those who suggest that the consumer buy less to combat inflation.

The consumer cannot overcome the habit of eating, their habit of living under a roof. Such statements by high government officials only confuse the people.

In conclusion, we in the Teamster's believe that this nation should set up a negative goal; a level of inflation that we will not tolerate.

Now, Mr. President, I don't know what a forum like this -- whether it is the proper place to use a comic strip as an example; but last week in the Washington Star there was an appropo example.

The character went to the doctor for a physical. After a thorough examination, the doctor said, "Congratulations, you are as sound as a dollar." He said, "Help, I'm dying."

(Laughter.)

Thank you, Mr. President.

President Ford: Thank you very much. At this point I would like to call on the Secretary of Labor Peter Brennan.

MR. BRENNAN: Thank you, Mr. President.

I would like to join with you, Mr. President, in extending a personal welcome to each and every one attending this meeting here today to exchange our views on how we might best deal with a problem that profoundly affects and concerns every American, whether they be labor leaders, corporate executive, rank and file worker or government official.

And there can be no doubt that inflation is such a problem. Should any of you come here expecting to hear from me, or anyone else in Government, deliver a long-winded speech, let me assure you that your fears can be laid to rest.

Inflation is not going to be solved through people preaching to each other, or indulging in game playing. The problem is too pressing and the time is too short to afford the luxury of breast beating and moralizing. In this battle we are all victims, and none of us are on the side of the angels.

Before we begin our deliberations, I think that it will be good for us, although it may not be necessary, to remind ourselves of the human cost of inflation. The human costs -- and they are what the issue is all about -- are too often covered over by the jargon of modern day economics, whatever brand you subscribe to.

I am not arguing that theories are not important. Although I wonder if we have been suffering from too much of a good thing. My point is that they too easily lead us to lose sight of the underlying human conditions they are invented to represent.

Inflation has been striking a series of repeated hammer blows to American workers and their families, a situation which they and we cannot continue to tolerate. Real, spendable earnings have been in a serious decline over the past few years, falling five percent during the past 12 months.

For the great bulk of wage earners, this lose of purchasing power affects their ability to procure the essentials of life rather than the luxuries. We have already provided you with a series of background papers on wages, prices, productivity, employment budget, monetary policy, trade policy and international economic developments, taxes and related matters keyed to the major inflation and unemployment issue which we will be discussing today.

I hope that the discussion that takes place throughout the day will produce some concrete suggestions as to what further actions might be taken by the Federal Government as a whole, and the Department of Labor in particular, to combat these twin scourges of inflation and unemployment.

The purpose of this meeting is to get ideas as to what we should be doing on the crucial issues. All of your ideas and suggestions will be welcomed, and rest assured that they will be given serious and earnest consideration, as we all work together towards a common objective -- the development of a healthy economy for all of our citizens.

Thank you, Mr. President.

PRESIDENT FORD: Thank you very much, Secretary of Labor Pete Brennan. I appreciate very much not only what you have said this morning, but the cooperation and the assistance that you gave me when I was in the Congress and the Vice-Presidency and now in this job, and I just want to express my gratitude publicly.

It seems to me, after these introductory statements, that it is appropriate that we get an analysis, an overview of where the economy is by Alan Greenspan, the Chairman of the Council of Economic Advisors.

Alan came on board just recently. He was in attendance last week when the economists met. He has summarized for me the recommendations, in a broad way, that came out of that conference. But I think it is important for him to give you the facts as we see them.

Alan, would you please proceed?

MR. GREENSPAN: Thank you, Mr. President.

It is obvious that the economy is not in good shape, or we would not all be sitting here around this table. The evidence, I think, that we are confronted with a very dull and perhaps easing economy at that stage, confronted still with a high rate of inflation, I think is apparent to all of us.

I will not go into the details of how we got here or, in a sense, what some of the implications are, but just let me try to briefly suggest to you what the elements in the outlook are, without necessarily getting into specific numerical forecasts, because I think economists tend to push the state of our science, if you wish to call it that, far beyond what we really know. I think we are getting too much involved with strict numerical forecasts, when I think qualitatively where we are going is perhaps somewhat more important.

First of all, I think the chart you are seeing in front of you now, back here, is one of the key indicators that the economy is in the process of softening. We have built up very substantial inventory accumulation throughout the economy in the last year or so, and we have gotten to the point by any of the various measures which we use, inventories are now excessively high. We're beginning to see some slippages in quarters which, from materials producers, leave times on deliveries from various producing mills are beginning to ease a bit. And concurrent with the sense of more materials availability also are the indications that inventory accumulations are now in the process of turning down and this is putting downward pressure, to a certain extent, on production.

Now, were it not for the fact that the capital goods markets are still exhibiting quite considerable strength, I would be quite concerned about that particular chart, because there is potentially some fairly large declines in inventory that could occur were it not for the fact that the capital goods markets, which, incidentally, support a very substantial portion of the inventories in the system, are still quite strong.

We do hear of numerous reports of cancellations, cutbacks, and the like, especially in the electric utility area. But nonetheless, the total backlogs, the amount of construction in process and the momentum to date pretty much assures us of a fairly strong and stable capital goods market unless there is some untoward financial event which we don't foresee at the moment.

Clearly, these charts suggest that new appropriations are very much higher than the level of capital expenditures. Unspent backlogs continue to rise. And even if we were to adjust these numbers for the inflation rates which clearly affects them, you would still see pretty much the same sort of picture.

The next chart is another way of looking at the manufacturing outlook. It suggests that the starts of new plant and equipment through the second quarter are still running in excess of actual outlays, and hence, the carryover of uncompleted projects still rises, and this clearly gives us substantial uncompleted work which must be completed, unless companies are willing to accept a very large loss, which usually they don't look at very kindly, obviously.

Even in the public utility area where we hear about major cutbacks, we are still starting new projects at levels so far in advance of what the actual level of expenditure or construction is, that there even is here a fairly prolonged, continuous rise implied in the particular level of outlays.

So what we see at this point is true -- a soft economy, one in which we do expect that the unemployment rate is likely to rise; even so, we are still confronted with an inflation rate which, although we hope will be declining in 1975 because of certain temporary elements in the price level, the facts at the moment are it is still high and in the immediate period ahead, it does not appear as though the inflation rate is turning down, because we do know that in the food area there have been some fairly pronounced rises in agricultural products at the farm level -- this, of course, being the result of the drought. And with the inevitable trend from moving from the farm through wholesale areas into retail food markets, I would be most surprised if we did not get continued increases in food prices which we did not like, in the months immediately ahead.

The next chart sort of indicates one of the problems that we have been having over the longer run. We often hear about this trade-off between unemployment rates and the rates of inflation. What this particular chart shows, which -- I think it is clear, the light lines on the left is the change in the consumers price index, the heavy red lines are the unemployment rate. We can see in the top sector the unemployment rates sort of averaging in the four, five or six percent area, with the inflation rate much below that. And what strikes one immediately is that in the most recent period we are getting very dramatically different results which suggest that the so-called trade-off between inflation and unemployment is scarcely a stable thing and one which does suggest quite immediately that the presumption that inflation and unemployment are merely just reversible in the short run. But, clearly, this is not a correct way of seeing what is going on.

Finally, I would like to merely indicate with the last chart what has been going on in the wage area. This is essentially average straight time earnings, seasonally adjusted with interindustry shifts eliminated. This gives us a view of what the average rate of increase is and, as you can see here, we are running well under the inflation rate through most of the most recent years, and even the large pickup that occurs in part with the ending of phase four still keeps us at a rate which is not in excess of the rate of inflation. This is one of the reasons why I indicated yesterday at another meeting, I find it very hard to believe anyone who looks at numbers like this and says it is wages which is pushing up the price level.

Thank you, Mr. President.

PRESIDENT FORD: Thank you very much.

Now, it seems to me that, appropriate for us to get into some technical discussion of economic policy. It has been mentioned, I think, by virtually every speaker: the issue of tight monetary policy.

This has been, in the past, a traditional part of the problems of inflation.

At this time, I would like to ask Mr. Lane Kirkland of the AFL-CIO to make any observations and comments in this area or any other area.

(Draft of Mr. Kirkland's statement follows.)

MR. KIRKLAND: Mr. President, I am sure it comes as no surprise to you that the "tight money" is a current problem of this economy.

It seems to be an appropriate, strong and the relevant source of inflation.

This is equivalent to feeding people with a dose of arsenic, leaving the patient, I think, with a worse condition than he had before.

Beyond that, it was a crime not too long ago that used to be regarded as usury. It represses private enterprise, curtails productivity, creates unemployment, and accelerates, compounds inflation.

As has been pointed out, the price of borrowing money, the cost of borrowing money is a strong element in the price structure.

It adds tremendously, and has added to the cost of Government, the budget of government at all levels. The Federal Government spent $5 billion as additional cost of raising money last year, without any compensating expansion of services and benefits to the public.

It transfers income effectively from the affluent to the least affluent. It saddles the young people, families with a long-term burden of debt. It increases the cost of education and housing.

I think we need to look squarely at the causes of inflation. Those causes certainly do not stem from easy money and low interest rates. In fact, this country grew in a general easy availability of spending.

Another source of inflation is the practice of blackmail and extortion at the hands of retailers.

There is the devaluation of the dollar -- whether that was imprudent or misguided. There is the mass commodity exports, the prospect of present exports stemming from the devaluation.

I think what should also be squarely recognized is speculation, profiteering of the industries. I think those are the central sources.

We, of course, have our views, some of which have been stated, of what the appropriate monetary policy ought to be in the current state of the economy. Certainly, what is getting to be a massive outflow of credit from this country in search of even higher interest rates abroad -- I think it is a trend that has been pointed out by Mr. Brimmer of the Federal Reserve Board, publicly -- that the rate of increase is something like $8 billion in the past few months.

That should be stemmed and checked. We have the resources available to meet the needs of this country. Reports favor and strongly advocate the exercise of powers that I think are on the books to allocate credit at the bearable rates of interest to those areas of the economy that have suffered most from the consequences of tight money, primarily in that crucial area of housing, the area of urban needs, transit, public utilities, and other areas of foremost priority, in terms of access to credit and in terms of purchases and objectives of this country.

We believe there should be -- and it is long overdue -- a general easing of credit across the board so as to make it more generally available at lower rates of interest and I think that view is coming to be widely shared.

I know that one of the easiest things in the world is to say what the solution is to any given problem, and what the right thing to do is, but the hard part, the most difficult part is to get people to do it. I think, Mr.

President, that is the primary task of leadership.

Thank you very much.

PRESIDENT FORD: Thank you very much, Mr. Kirkland.

It has been suggested as a further participant in this aspect of the discussion, I should ask John Lyons of the Ironworkers for any comments.

John, would you like to make any observations or comments?

MR. LYONS: I would like to address myself to the charts that were on the board, and particularly with respect to the one chart, The Public Utilities and Plant Expansion Equipment.

And my observation is what that fails to show, looking at the overall growth in plant expansion is the fact of the necessity of balance, balance between industries and balance between segments of the country, and leave time.

When you take these into consideration, and you look at the thing which was developed recently, and that is the almost $2 billion worth of cutbacks in utility industries, and what is going to be the impact of that shortly down the road, with respect to plant expansion. What is the impact of that in regions of the country where the construction industry is thrown into chaos basically by a serious depression?

In other parts of the country, by that same balance, or lack of balance, when other on-going construction programs are stimulated to very, very great extents to -- by other construction programs that still fit into the overall picture, showing a total of outlay but not having it being the total outlay of major imbalance.

And the fact that the construction activity is thrown on certain parts of the country in volumes four and five times what that part of the country or that industry has ever seen before.

And yet, at the same time, the cutbacks in other parts of the country is such that you have a devastating -- in all parts of the industry you have a devastating impact.

So, when you look at the picture of an increased volume of plant expansion, and say the picture looks good, and you don't look at the picture of what is the balance of that volume of work, you get the distorted picture.

And I think that these are the things that we have got to in some way in Government develop a capability to evaluate what we are really looking at.

PRESIDENT FORD: It seems to me, Mr. Lyons, that there are two problems, among I am sure others.

One is short range problem. With these cutbacks, and using your figure of $2 billion, we do lose jobs.

Now I haven't seen the translation of that cutback to jobs per se, but I am surely certain that it is substantial and that those cutbacks have had an impact now, and I am certain in the future, will have on our employment.

Number two, with the cutbacks in the proposed electric utility field, it means obviously in two years, or four years, we will have less of a capacity to produce electrical energy. And, with the growth in demand that has been traditional, and I suspect will increase, it could precipitate a serious electrical energy problem down the road at some point.

The reasons for the cutbacks are varied. One difficulty getting equity capital at rates that can be justified in passing along the cost to the consumer.

Number two, a number of utilities, I know, feel that state regulatory agencies have not been as responsive in time or in rate increases that would justify a utility seeking to get capital so that they could construct their necessary facilities as they see the demand down the road.

I have discussed this matter with some Governors and urged that the state regulatory agencies act promptly, act equitably, with the long range problem that I think all the statisticians tell me is that we will need more electrical energy in the years ahead and are currently -- or is currently in the program.

So, it seems to me that we ought to find some way to help reinstate, if possible, some of these utility construction programs for unemployment at the moment, and energy capacity in the future.

Thank you very, very much.

The next commentator would be Mr. Hunter Wharton of the Operating Engineers. Mr. Wharton?

MR. WHARTON: Thank you, Mr. President.

Speaking of controls, I am glad to hear you say that, because I expect the entire time of the controls on the construction industry will be rational.

The bad part about it, only controlled wages have been controlling the price of the job, and the contractors went on their merry way with their thin bids, and say, "Aren't we fabulous?" And stock was the only thing that was controlled.

One thing that might have been said worthwhile about the construction industry is that there were people from the construction industry trying to do something about the construction industry, which is not the prevailing practice usually.

The other area that I would like to say a word about is that I know it is causing a considerable amount of unemployment, and that is the environmentalist.

There is millions and millions of dollars worth of work being held up, not because the money is tight, you can't get it, because we do have the money, but the environmentalists are holding up the jobs.

Now, certainly I am in favor of retaining as much as we can of our past, but certainly, when you walk in and hold up the whole progress of an area because you can't put a bridge here, or you can't change the course of a stream or something, I think it is very, very harmful.

Now, through my 40 years in this construction business, they always looked to the construction industry to start things rolling when it was bad; because there is about, I think the record will show, five to six people -- for every one employed in the construction industry on the actual job site, there is five or six who have to back him up.

So the construction industry, I think, is the greatest source of picking up some of the load of unemployment.

So, that would be my contribution, if any, Mr. President.

PRESIDENT FORD: Thank you very much, Mr. Wharton. The Congress did in many of these construction areas, impose the requirement of what is commonly called an environmental impact statement. These impact statements have to be thoroughly prepared, honestly evaluated.

I would hope that they could be expedited -- letting the chips fall where they may in the evaluation. But, any untimely delay, once all the facts are accumulated, I think is unfortunate.

I know this is true in a wide variety of areas, and if we can expedite and still get good reports, I think we ought to do so.

Are there any other comments in this particular area? We have several others that we want to get into, and I will be glad to move to the next subject, unless there is --

MR. WARD: Mr. President?

PRESIDENT FORD: Yes, sir?

MR. WARD: My name is Martin Ward. I am General President of the Plumbers and Pipefitters International Union.

I would like to make a few comments on the matter of construction as pointed out by both John Lyons and Hunter Wharton.

We do have considerable difficulty in the construction industry because it is nice to look at the charts and see that the average unemployment is 5.4.

But right now in the construction industry it is double that. And even with the unemployment double the national average, we are still being faced with cutbacks in the utility companies.

Now, coupled with the fact that the housing industry is absolutely nill as far as employment is concerned, the unemployment figures would be considerably higher if it were not for the fact that we are absorbing people who normally would be working on housing and using them on utility jobs.

So, with the cutback in utility construction -- and it is getting to be more and more every day, despite what the charts show -- we need a little bit of attention in the construction industry.

I would like to get back to a recommendation made by Leonard Woodcock, who suggested that there maybe ought to be taskforces in those sections of the economic segments that are in trouble.

I think the construction industry could well do that.

It is very difficult as a union involved in construction union activities, or construction activities, to piece all the things together, because there is no central agency in Government where we are able to get information as to scheduling of jobs, location of jobs, and things of that kind.

And, I think a lot could be done in the construction industry with a task force that would be looking in, first of all, to stabilizing collective bargaining within the industry. And, you won't be able to do that unless we can stabilize employment.

But if we could get people in the construction industry together, maybe with a little push from the Government, to start to look at our problems in the construction industry -- and when the construction industry is in trouble, the country is in trouble -- because of the economic force of the construction industry, I think we could do some of these things.

And, I think again that if they are going to cut back on utility construction, then we are going to have to start looking at pouring some money into the housing field to take up the matter of unemployment.

Now I know, of course, that we are criticized considerably, the construction industry, for our waste rates; but, if you have a high waste rate and you are unemployed, it doesn't mean a hell of a lot.

So -- and when there is unemployment, in order to meet increases in cost of living, that is when we get that pressure to increase wages higher.

So, if we can start looking at creating employment in the housing field and build something that is really necessary for the country, and start to look at the utility field, because the longer some of these utility jobs are postponed, the more difficult it is going to be to get them on line in time, and you are going to be talking about more manpower shortages, more overtime, and more things contributing to inflationary trends.

And I would respectfully request that the President might even consider setting up a Cabinet post for construction in his Cabinet.

PRESIDENT FORD: Thank you very much. Yes?

MR. SHANKER: Albert Shanker, American Federation of Teachers.

I would like to speak for a moment on the effect of the tight money policy. I think that it has not only effected the poor but the teachers across the country -- hundreds of thousands of them who are earning salaries like $6,500, $7,500, $8,500, $10,000 a year -- are no longer able to buy a modest home, a home with a mortgage of $25,000 a year, which under a 10 percent interest rate, which just isn't available now, it would be something like $225 a month in payments.

I would like to point out what is happening to the schools and other public services as a result of these interest rates; because, not only do companies borrow money, and individuals, but Government borrows money, too.

The state governments need money to operate, and city governments and school boards need that money, and they have to go out in that money market.

They build buildings, and they have to borrow money on a short-term basis for operations.

Now, I know that just within this last year, and I use one city, my own, as an example, but I am sure that it is true all over the country, interest rates on bonds started at the beginning of the year, the city was able to get some money at 5.1 percent interest.

Well, the last bonds that were sold a few weeks ago, went at 7.69. So, it went from 5.1 to 7.69. Now that results in hundreds of millions of dollars in additional interest payments that will have to be paid by the City of New York just for those bonds.

Now, short-term money has even been worse during this period of time, going up very, very rapidly.

Now, esentially, that means that the taxpayers, instead of paying for public services, instead of paying for public service jobs for smaller class size, for facilities for children, hundreds of millions of dollars are going into interest payments instead of going into public services.

Now I would like to very strongly suggest that if the United States Government can provide interest of 6 to 7 percent to the Soviet Union and other countries in terms of providing a favorable trade relations, we ought to be able to provide interest rates like 6 percent to our own citizens so that they can buy homes, or interest rates like 6 percent to the cities of our nation, and the states of our nation, so that they can provide the services that are so necessary.

PRESIDENT FORD: Thank you very much, Mr. Shanker. Did anybody else have any particular comment on this subject? If not, the next suggested topic would be wage price policy. I have indicated quite clearly, with emphasis, that I am personally opposed to the reimposition of wage price controls.

I think, however, it is appropriate that we discuss it, and I certainly will respect your observations and comments. It seems to me, at this point, it would be proper for Mr. I. W. Abel to make whatever observations that he would like to make on this subject.