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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.

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(OVER)



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.

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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.

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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.

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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)

