

Now that is roughly what I tried to reflect in my statement yesterday as being the general state of outside opinion.

Mr. SCHNEEBELI. As I state, to a lot of the members of our committee there is this question which still may be open in our minds as to exactly what effect on the business economy this proposed tax might have.

I would like to ask you something in another area. Yesterday on the wire this fact was noted:

Union workers in the building trade registered their largest quarterly wage increases in 19 years during the second quarter of 1967, according to Labor Department statistics.

The wage scale average rose 3.9 percent between April and July of this year, bringing average wages to \$4.85 an hour.

This statement, coupled with the unusually high demands being made by the UAW on the auto industry, would indicate that if there is going to be any inflation outside of the fiscal area we are talking about, it certainly is in the matter of wages.

I am wondering what the administration is doing in trying to keep down these huge increases in wages when they are reported to be the largest increase in any quarter in 19 years.

Mr. ACKLEY. Mr. Schneebeli, you are certainly correct that wage increases, particularly in the construction industry, have been exceedingly high and that current demands by other unions are also high, although certainly not as high as in construction.

I think the record of the administration on this is very clear. We have stated repeatedly and as strongly as I know how that this is a serious problem, and that wage increases are exceeding the productivity gains in the economy and are a source of upward pressure on prices.

We have urged repeatedly, the Council, the Secretary, the President, restraint by labor, as well as by business, in wagemaking and price determination. Obviously these appeals are not fully responded to in the private community. We have no legislative authority or other authority to set ceilings. We do not want such authority. We have made our views, I think, very clearly known about the seriousness of this problem and have urged the maximum degree of cooperation be achieved from the private community.

Mr. SCHNEEBELI. Has the administration taken any public position with regard to the UAW demands insofar as it would affect inflation and affect the economy?

Mr. ACKLEY. It has not taken any specific public position on the UAW demands, no. It has taken a public position on the general question of the size of wage increases.

Mr. SCHNEEBELI. In our discussion of the economy and inflation, and the problems we have in trying to raise taxes in this area, do you not think that this huge increase we have had in these wages in many areas is a matter of grave concern and should be dealt with probably a little more forthrightly and publicly?

Mr. ACKLEY. Mr. Schneebeli, the opinions of the administration have been expressed in various ways, both in public statements I have referred to and in private meetings with leaders of the labor and business communities.

One seriously doubts as to the tactical effectiveness of the Government making specific statements about particular pending labor disputes which can often exacerbate rather than help the situation.