

3. The President's Advisory Committee on Labor-Management Policy should submit to the President a report identifying the problems or shortcomings and including recommendations for corrective action.

It is too early to know how this pragmatic approach will work out. But it is based on a recognition that there is a wide variety of different conditions among the thousands of industries, markets, and occupations.

In addition, the AFL-CIO has, on numerous occasions, requested the Congress and the Government agencies to focus public attention on the wage-price-profit-investment policies of the dominant corporations in key administered-price industries—to curb their price-raising ability.

If the President determines that there is a national emergency to warrant extraordinary stabilization measures—with even-handed restraints on all costs, prices, profits, dividends, corporate executive compensation, as well as employees' wages and salaries—he will have the support of the AFL-CIO. We, of organized labor, are prepared to sacrifice—as much as anyone else, for as long as anyone else—so long as there is equality of sacrifice.

In an economic and social order, such as ours, relatively steady economic growth is unlikely to be achieved, unless it is based on balanced relations in the private economy.

Restoration of an improved balance in the private economy is essential—to provide both equity for workers and a sound basis for sustained economic growth.

THE UNSUSTAINABLE CAPITAL GOODS BOOM

Related to the shift in economic distribution, the profits explosion of the 1960's fed the fires of a dangerous and unsustainable capital goods superbloom.

In its 1965 Economic Report, the Council of Economic Advisers noted that business fixed investment had exceeded 11 percent of gross national product (in constant dollars) in the early postwar period but had dropped to about 9 percent in the 1958–63 period. The Council then went on to observe “for the remainder of this decade investment is likely to contribute more to the economy than it did typically in the 1958–63 period. But it cannot be expected to match its early postwar performance when heavy backlogs added to demand.”

In January 1966, the Council declared “that business fixed investment cannot continuously grow twice as fast as gross national product as it did in 1964–65, and that it cannot always be a propelling sector of demand.”

Yet, last year, 1966, was the fifth year in succession in which business fixed investment rose more rapidly than GNP. It was the third consecutive year in which its rate of growth was twice the rate of growth in GNP. It was also a year in which investment once again exceed 11 percent of gross national product—in constant prices.

This superbloom in capital goods created inflationary strains, added to the depression in the housing industry and thwarted the administration's efforts to bring about an improvement in the balance of payments. As the machinery order backlogs mounted, machinery prices began to rise. The prices of nonelectrical machinery prices rose 5 percent. In addition, as the funds raised by corporations through