My own State's share of that $29 billion was the same as a 10-percent sales tax. My guess is that the people of Michigan had the equivalent loss of purchasing power of around a 10-percent, possibly a 12-percent sales tax.

Inflation last year amounted to 47 percent of our increased gross national product. You stated here that the workers had been fighting to keep up with the increased cost of living. It must say that I don't understand why, in the light of that, you would refer to exaggerated fears of inflation.

Mr. REUTHER. What I was trying to say was that I believe that the fear of both the problem of inflation and the balance-of-payments problem is exaggerating. They are both very real problems. I think we have to deal with them.

I think we have to take steps to try to counteract the pressures that create these problems. But I don't believe that they ought to influence us to the point where we forget about the fact that reducing the levels of unemployment ought to be a priority item.

I think that if unemployment is allowed to continue at the present level, because you think that that is the way to fight inflation, then you are putting the burdens of inflation upon the very income groups who are least able to carry them.

What we are trying to say is that we think that there is a problem of inflation. It is selective in character. It is not classical, as I said earlier, and therefore it has to be approached in a different way than it is being approached. We have to deal with it on a selective basis rather than on a broad basis.

Mr. Ackley, for example, is against the worker getting an escalator clause, and I suppose he thinks that that is because it will feed the fires of inflation, as he says.

Well, a lot of people had something to do with escalator clauses before Mr. Ackley came to Washington; Mr. C. E. Wilson, for example. I had the privilege of working with Mr. Wilson for many years when he was the president of the General Motors Corp.

He made a great contribution to elevating the whole concept of collective bargaining of how a worker in a free society gets his equity. Mr. Wilson was one of the pioneers in developing the escalator clause, which protects the GM worker, if the cost of living goes up. And he was attacked by other people saying "well, doesn't this give you a mechanism to build in inflation, if you get an adjustment?"

He wrote an article in the Reader's Digest, September 1952 issue, in which he said, and I quote:

> I contend that we should not say the *wage*-price spiral. We should say the *price*-wage spiral, for it is not primarily wages that push up prices. It is primarily prices that *pull* up wages.

And so what we say is don't try to find the answer by riding the back of the wage earner. Deal with the problem of pricing policy, where the culprits really are.

This is the fundamental difference we have with Mr. Ackley.

Senator MILLER. May I say that I happen to agree with that statement. However, I feel that you have not told us what should be done to stop inflation. What should Congress do to stop inflation. You have talked about cutting prices somewhere along the line. We can't cut prices here. What can the Congress do to stop inflation?