

If we had gotten those price reductions there would be no inflationary problem of any magnitude in the American economy, and we wouldn't be worried about it. If you put all the pressure on the wage front, you are working on the wrong end of the problem. You won't find the answer until we get those price reductions. This is why Mr. Ackley is unrealistic and why his whole attitude on the escalator clause is unworkable.

He doesn't have to sit at any bargaining table. He is very fortunate in that respect. He leads a very cloistered, sheltered life. But I can tell him that wage earners are not going to say, "It is too bad, we are going to have to take a 50-percent loss in our real wage position because of inflation."

They are going to fight to make it up. That is what happened in the airline strike. The fight there was about catchup money. It is unrealistic to believe that wage earners are going to look at the distribution of national income and see everybody else going through the stratosphere and then settle for only 50 percent of their catchup money through escalation.

The Federal Reserve Board has got to be more responsible when they tell the banks around the country the conditions upon which they are prepared to give them access to new money. The Federal Reserve Board has got to act as though it is a part of the American system instead of something apart from the American system.

There are many other things we can do on a selective basis. But the main point we try to make is that we should not let the problem of inflation and the balance-of-payments problem, both of which are real problems, unduly influence us with respect to continuing to do those things which are necessary to reduce the levels of unemployment. That is the point I am trying to make.

Chairman PROXMIRE. Thank you very, very much, Mr. Reuther, for an excellent performance and for a great deal of most useful information. I think maybe some people are surprised at the consensus here, but it indicates that when men of good will get together on the facts we find a very, very wide area of agreement. You have done a splendid job. We are mighty grateful to you, Mr. Reuther.

Thank you.

Senator MILLER. Mr. Chairman, I have a few questions.

Chairman PROXMIRE. Fine. I think with Mr. Reuther's permission we can put those in the record.

Senator MILLER. I will submit them and ask that Mr. Reuther supply the answers for the record, because I know we have a time problem.

Chairman PROXMIRE. Yes, indeed; and I have a few questions myself.

Mr. REUTHER. I should be most happy to try to cooperate in responding to any questions.

Representative WIDNALL. Mr. Chairman, may I have that privilege?

Chairman PROXMIRE. It will apply to all members; yes, indeed.

Thank you very much.

Mr. REUTHER. Thank you very much, Mr. Chairman.

(The questions of Senator Miller, Chairman Proxmire and Representative Widnall and answers supplied by Mr. Reuther were subsequently received for the record and appear on the following pages:)