COMMUNICATIONS WORKERS OF AMERICA

The Communications Workers of America commend President Johnson and the Council of Economic Advisers on the candor and the fresh approach which characterize much of the Economic Report of the President for 1967. We submit that this caliber of economic dialogue can make a significant contribution to the understanding by the American people, not only of the nature of the budgetary and fiscal problems which the President must tackle this year, but of the finely balanced performance which our economy must achieve—both in the private and public sectors—if we are to maintain a viable level of growth in 1967 while fulfilling our commitments at home and abroad.

We salute, in the President's budget message and in his Economic Report, the highlighting of the national income accounts basis for measuring the import of the Federal Government's operations. Such an approach, long advocated by analysts both in and out of Government, gives a far more realistic—and a more significant—overview of the revenues and expenditures of government at the Federal level than does the administrative budget.

By taking account of all Federal transactions which directly affect private spendable income, including that of State and local governments (the operations of the social security trust fund, for example), by counting such transactions at the time of their impact on the private economy (the withholding of income and social secuitry taxes or the accrual of corporate income taxes), and by excluding loans or exchanges of assets, the national income accounts budget more accurately portrays the total effect of the Federal operation. It also provides a more meaningful measure of the net "plus" or "minus" of the Federal operation; for the calendar year 1966, for example, the NIA budget showed a surplus of $200 million, while the administrative budget indicated a deficit of $7.3 billion.

Of prime concern to the labor movement has been the attempt, as we saw it, to impose a rigid, decimal point ceiling on wage negotiations via the—by now—infamous wage-price guidelines. We railed against the guidelines, particularly in their 1966 version, both because of their unrelenting inflexibility, as they were applied to specific collective bargaining situations, and because they seemed only to be applicable to one factor in the economic equation—the wage-cost item—in their implementation.

We find most refreshing the approach taken by the Council of Economic Advisers to a national wage-price policy in their 1967 report—on several counts. We were encouraged by the lack of a hard-and-fast figure for wage settlements in 1967, and by the recognition that negotiations in the coming year will take account both of increased output per man-hour, and of the necessity for closing the gap between dollar earnings and lagging purchasing power—the most significant "drag" on the economy today in the 73d month of this unprecedented boom in the American economy.