of the population and the backbone of American society. It undermines the strength of consumer markets, the base of our economic system.

This lopsided distribution of the gains of the economic advance helps to explain the slower-than-expected expansion of consumer sales in the past year, which seems to mystify so many business and Government commenators on economic trends. In addition, it widens the economic and social distance between various groups in the Nation—a trend that is socially dangerous.

In the Economic Report, the Council of Economic Advisers rarely, if ever, deals with workers' wages and salaries as income. The text of the Economic Report deals with them almost invariably as costs. This failure to recognize wages and salaries as income to workers, as well as costs to business, reflects a bias that runs through the report. This bias results in inadequate economic analysis—a failure to recognize that nonsupervisory wage and salary earners are the major demand factor in the economy and that the lopsided distribution of the benefits of the economic advance has economic consequences, such as the unbalanced relationship in 1965–67 between business investment and the expansion of productive capacity, on the one hand, and the effective demand for goods and services, on the other hand.

While the Economic Report stresses the cost impact of wages and salaries, it utterly fails to indicate, even in as little as one sentence, that the purchasing power of aftertax weekly earnings of nonsupervisory employees in 1967 was less than in both 1966 and 1965.

Nowhere in the Economic Report is there an analysis of the serious, continuing lag of increases in nonsupervisory employees' wages and salaries behind the incomes of business and wealthy families—behind profits, dividends, the nearly 100 percent rise of personal interest payments in 1960–67, the incomes of managerial personnel and self-employed professionals, capital gains from the sale of property.

In its statement on national economic issues, adopted on February 23, 1968, the AFL–CIO executive council states:

> The lag of real wages and salaries must be ended. A substantial rise in the buying power of wages, salaries and fringe benefits is needed to provide wage and salary earners with a fair share of economic progress and to strengthen consumer markets that are the foundation of the American economy. Only through an improved balance in the economy—between wages, profits, dividends and other forms of income—can there be assurance of sustained economic growth to reach full employment and maintain it.
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> Rising business profits should be based on an expanding sales volume—rather than on swollen profit margins at the expense of workers and consumers.
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> We will continue to press for wage and salary increases to offset rising living costs and to advance buying power. We firmly believe that wage and salary earners deserve to share equitably in the gains of the economy's progress. The nation's rapidly rising productivity and great profitability of business makes possible such improvements in wages, salaries and fringe benefits, within the context of a relatively stable price level.
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> We repeat again, as we have in the past two years: If the President determines that there is a national emergency that warrants extraordinary stabilization measures—with even-handed restraints on all costs, prices, profits, dividends, rents, corporate executive compensation (salaries, bonuses and stock options), as well as employes' wage and salaries—he will have the support of the AFL–CIO. But rigid application of a single "magic number" based on one economic factor alone, cannot be a workable or fair means of wage determination in a country of continental size, with thousands of different markets, industries and occupations. We are prepared to sacrifice—as much as anyone else, for as long as anyone else—so long as there is equality of sacrifice.