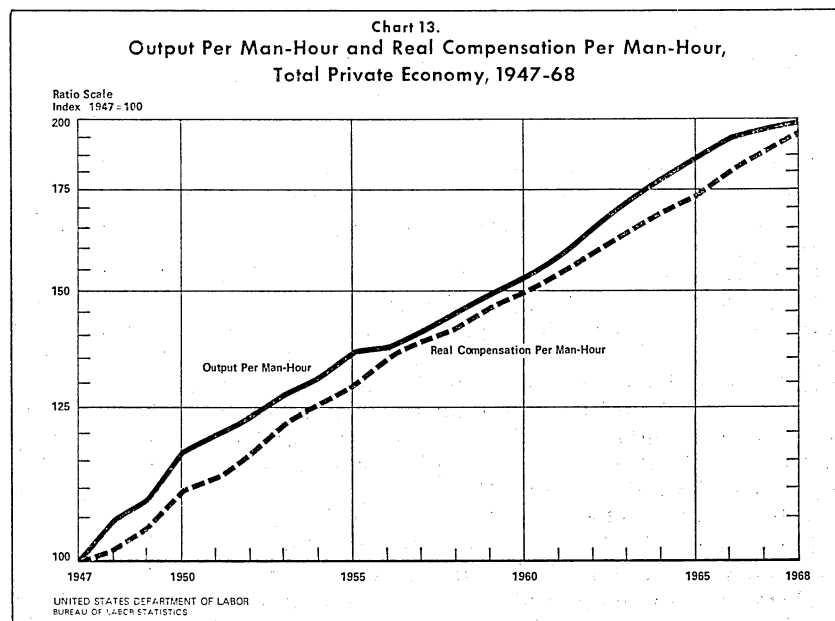




Secretary SHULTZ. You remarked on Secretary Wirtz and his nice comments about me. I would respond in kind. I consider him a good friend and very fine man. I hope to be a worthy successor. I thought I might go through the written testimony and paraphrase it and then respond to your questions.

I appreciate your comment about getting the statement late. It is practically a throwback, I guess for me anyway, to the typical academic professional meeting when you always get the paper too late to develop real comments on it. But I am reassured by the fact that you have gone through it, and I am very grateful to you for that.

My role is not that of economic forecaster today. That task has already been performed by Dr. McCracken of the Council of Economic Advisers. What I would like to do is examine the economic scene with a special view of those matters of particular concern to the Secretary of Labor, the questions of jobs and wages, labor relations, and manpower policies.

I would like to focus my comments on two questions that seem to me to be very important and necessarily high on anyone's agenda. The questions are:

What steps can help bring the current excessive rate of inflation under control without an appreciable rise in unemployment?

And second, in what ways can this effort be related to a widening of economic opportunities and thereby contribute toward an end to poverty?

Now, I view these two questions as closely connected. Inflation hurts the poor, and so does unemployment. So somehow in the axes of these two questions we need to develop an answer in a coordinated manner.

Let me address myself to the first question and say that I believe there is substantial evidence to support the hope that inflation can be