

creases built in. These were probably larger than might have been negotiated under the circumstances.

Representative WIDNALL. You spoke of this practice in the first year having the heaviest impact, and then subsequent 2- and 3-year contracts having a lesser amount as "front loading." Do you think this tendency to front load should be encouraged or discouraged?

Secretary SHULTZ. I don't really have a view on that, I guess. But in addition, I suspect the parties are going to do what looks right to them, whatever we urge. That is, you can see what goes on. If you want to get an agreement, people properly value immediate income above future income, and the union and the company may desire, in order to get an agreement, to take the cost and put some of it up front. That tends to dramatize what is available immediately and helps to secure acceptance of the contract. I think it is that sort of process that is going on. We can look at this as steely eyed economists, and that is one thing. But at the same time, there are a lot of practical labor relations problems to be considered. I personally tend to have the philosophy that the experts are the people immediately involved. They know more about what they want and how they want to arrange their affairs than we do, and we basically should respect their judgment.

Representative WIDNALL. Mr. Chairman, my time is up. I would like to ask one more question.

Senator PROXMIRE (presiding). Go ahead.

Representative WIDNALL. At the end of the current war I think, as we all recognize, that we may face some serious unemployment problems, and also the problems of dislocation where some industries may have to shut down and cut down material. What planning is now being done in this area by your department?

Secretary SHULTZ. We are participating in an effort led by Dr. Herbert Stein, a member of the Council of Economic Advisers, to tackle just this issue. And I might say that in having Herb Stein lead this effort the administration has, I think, undoubtedly the country's leading expert on this kind problem. It goes back to a prize-winning essay that he wrote about the readjustment from World War II. He has worked on this subject off and on since then, and has worked on it in connection with the current hostilities.

In my own view of economists who have worked in this area, I would have to put Herb down as the absolute No. 1 person.

So we not only are making an effort, but have been fortunate enough to have the effort led by a man of great knowledge and insight and depth of analysis in this area.

Representative WIDNALL. Thank you, Mr. Shultz.

Senator PROXMIRE. Mr. Secretary, it is my understanding that the President's Committee, or Cabinet committee, on Price Stability has been killed; is that right?

Secretary SHULTZ. I am not certain as to how these things work. I haven't gone to any meetings of such a committee, and I notice that the Secretary of Labor was on the original committee.

Senator PROXMIRE. There is quite a difference between the approach to inflation on the part of the Nixon administration and the preceding administration, in that you are going to concentrate exclusively, really, on monetary and fiscal policy. And of course we have these longer range factors of antitrust, which we agree with. And you recognize that there is some difference now in employment stability,