# Failure to meet wage and price guidelines may bring American recession — economist

mic recession this summer if age and price guidelines set by sident Carter are not met, an AFL-CIO economist said at Texas A&M University Thursday.

Speaking on "Labor's Concerns and Issues Within the Economy," Cunningham told SCONA 24 elegates that the guidelines fail to er the major causes of inflation. The biggest problems are in alth care, food and energy costs, which have risen the most in the last wo years, he said.

"We have a situation where inflan has been 8 percent for the past o years and we are now moving ward 9 percent," Cunningham

"If interest rates aren't lowered, edit is not increased, or if govmment spending on job programs not cut, we will definitely move

nto a recession," he said.
The AFL-CIO has recommended

a full-fledged program of economic control, Cunningham said, covering all forms of income such as dividends, rent, professional fees, plus wages and prices.

We did not favor this program after the recession of 1974 caused by the wage and price controls, but we feel strongly that we must have a mandatory program," said Cun-

The U.S. trade policy has also adversely affected the economy, he

The United States reported a \$26 million trade deficit last year which he said was proof of a failing trade

"Jobs are being lost because the import of goods are coming in so rapidly and flooding the markets," said Cunningham.

Cunningham said some foreign companies can operate at 1 percent profit, he said, due to federal subsidies from their own governments to undermine the U.S. market. living, will decrease it."



German or Japanese competitors, according to a study done by a Ger-

But Cunningham said Americans were still more productive than German or Japanese competitors, our output by only 2 percent in the control of the control of

The Japanese rate of produc-

Cunningham said that countries like Germany and Japan are far be- creases.

rapidly as their growth rate in-

# Banker tells SCONA group inflation, unemployment have no easy solutions

There is no obvious solution to inon and unemployment, a Dallas ker said in a speech Thursday afon at a session of the Student

erence on National Affairs

We'll probably continue to standard of living slowly being

oded," said Dr. Joseph E. Burns, mior vice president of the Federal

Economists can't even agree ong themselves, so not only does man on the street hear one story

besn't understand, he hears two

Burns's speech, "The Inflation-Itel Inemployment Problem," explained the basic causes of inflation

d its relationship with unem-

"The results in the research done this subject are neither definitive imous agreement. It's the

nderstanding of the problem

hich allows the problem to per-

ist. Burns said.
The goal for the average citizen of
the United States is the highest pos-ible standard of living, he said.

Reduced levels of unemployment

rove standard of living, he said. smaller amount of goods pro-

ed, less income is generated. ess pie has been produced to be

ributed among the same number

When speaking on inflation, ins said, "Unexpected changes in ices are costly and disruptive to economy." Expected rates of in-

can be planned for and can se little disruption. He said the

xpected change causes an in-

This uncertainty causes the busi-

hedge against inflation and less ne toward his business."

Households also attempt to hedge ainst inflation, Burns said. "They

ace more of their wealth on ises, durable goods and real es-

e rather than financial assets, thas deposits, stocks and bonds."
With the reduced incentive to

nan "to spend more time trying

se in uncertainty.

serve Bank of Dallas.

ree," he said.

Dr. Joseph E. Burns

tem is less efficient. It is not as easy ing the relationship between unemto determine relative prices in an in-flationary period," which tell us

The first, which h produce, he said.

Burns listed four phases concern- two

The first, which he called a where to spend money and what to produce, he said. theoretical notion, is that there is a "permanent trade-off" between the

Phase two states that the tradeoff between the two is only temporary. Burns said if policy makers at-tempt to reduce the unemployment rate by stimulating economic policy, unemployment will only decline for a short period of time. "The adjustment period brings uncertainty," he

In phase three, the higher rate of inflation pushes the unemployment rate higher and does not return to the original rate of unemployment. 'So efforts to reduce the unemployment rate by stimulative monetary fiscal policy are not actually counterproductive. They lead only to a higher rate of inflation, which in turn leads to higher unemployment rate than would exist if nothing had

been done.
Phase four does not acknowledge that there is a relationship between the two and is known as the "ra-

mentioned this fourth phase briefly "only for completeness

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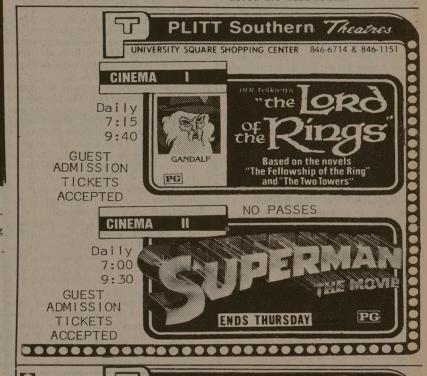
## Flood ruins imported wine, 2,500 bottles destroyed

United Press International COLORADO SPRINGS, Colo.

- Imported wine, 2,500 bottles worth, has been lost to wine lovers

and a local landfill. A flood last July at the Broadmoor

Hotel's cellar soaked the bottles of wine, worth \$20,000. The El Paso County Health Department embargoed the bottles and the Federal Food and Drug Administration or dered the destruction









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