

materially modified in application through skillful manipulation of these escape possibilities. Similarly in the case of automobiles, is it conceivable that the companies could, months in advance of the introduction of a new model, inform the amateur public and enlighten their professional rivals as to the precise character of vehicle to which any specific price was to apply? The companies themselves are, up to the last moment of announcing the new models, uncertain as to what prices they can, must, or will name.

The labor aspect of the notice-and-waiting proposal is in some ways simpler than the price aspect. But with all the skill differentials, seniority rights, fringe benefits, and grievance procedures by which the basic hourly rate is intertwined, the practical use of this approach to wages (and work rules) seems slight. Nor does recent experience in the steel impasse encourage the hope that either management or labor would be responsive to public opinion even if it could be captured, measured, and weighed as to its internal variations.

But there is a more fundamental theoretical reason for eschewing the idea of a change of venue from the market to the government regulatory agency. The underlying premise on which the proponents of government intervention must rely is that the official pricemaker possesses a magic touchstone for the performance of this task, whereas such prescience is not available to private price setters or price negotiators. The first of these premises, in my judgment, constitutes an overestimate, the latter an underestimate.

The plea for radical government regulation was presented vigorously before this Association a year ago by Ben Lewis. Burlesquing the economic sophistication required, and in considerable measure attained, by some executives of big business units, as "corporate conscience * * * marinated in goodness * * * as benevolent individuals construe goodness," he laid down the dictum that such managerial policymaking "has nothing to do with economizing"; i.e., getting good allocation of productive resources:

"It is neither the privilege nor the responsibility of any individual, however conscientious or statesmanlike, voluntarily to render economizing decisions in the name of society. * * * Economizing is society's job. * * * Economic decisions must be right as society measures right. * * * An economy is a mechanism designed to pick up and discharge the wishes of society in the management of its resources. Sometimes we seek through government to make the market itself operate more effectively as an economizing instrument; sometimes we move positively into the market with our sleeves rolled up and force the economic verdicts which, collectively, we want. * * * Through government we supplement the market; we also supplant the market. * * * The years ahead will see a great increase in conscious, collective, governmental controls and of governmental enterprise. * * * The conviction that great power over the economy must reside only in a government of the people will be acted on relentlessly, bluntly, and with force."

Passing over Lewis' fast semantic shuffle between "society," "the economy," and "government" and the socialist implication of his prediction, I find myself in considerable disagreement with his dichotomy between big business purblind to what the public wants by way of allocation of resources and big government suffused with full understanding of these wants, full wisdom in resolving conflicts among them, and an adequate apparatus for implementing its "right" answers. The anthropomorphic idea that either society or government can know, discover, or formulate "the public interest" is a figment of the imagination since "society" does not and cannot have an official spokesman, and the officials of government bring their own limited empirical knowledge and very considerable personal biases and special-interest affiliations into their vocation as policy makers. Congressional action is not based merely on honest debate among informed statesmen; it also reflects ruthless pressures of interest groups and sordid trades among "practical" politicians. This voice of the people is in only the most Pickwickian sense the voice of God. Though it is the only workable alternative to authoritarianism that democracy has found for the shaping of fiscal policy and the institutional framework of the market, it is thoroughly unacceptable as a substitute for profit-seeking, responsible, ad hoc decision making of and within business firms and labor unions.

IV

If, then, we reject the deceptively simple device of cutting the Gordian knot of our full employment versus inflation dilemma by the use of direct government price and wage controls, what positive program can we adopt? My answer