None of the six approaches in table 14 is recommended as the optimum method of providing additional manpower training. Indeed, each of them opens up one or more additional questions of public policy. Governmental operation of training facilities may provide the most direct way of focusing on the specific manpower areas of greatest need, although not necessarily the most effective or efficient method.

Another illustration that the selection of economic policies may be difficult is contained in the illustrative alternatives shown for offering incentives to the private sector. For example, although tax incentives may provide an effective means of encouraging private industry, this approach may run counter to the desire to keep special-benefit provisions out of the tax system because of the concern for tax simplification and "equal treatment of equals." Certainly, suggestions to permit even temporary reductions in the statutory minimum wage encounter serious opposition on the part of those concerned with maintaining minimum income standards.

Alternative Wage Policies

One currently applied standard for assessing wage policies is the wage-price guideposts of the President's Council of Economic Advisers. In general, these guideposts are intended to limit wage increases to the trend growth of productivity in the national economy (with specified variations); hopefully, the application of this standard would not result in generating any additional inflationary pressures. On the basis of the most recent experience many technicians would conclude that these guideposts are more effective in dealing with potential cost-push inflationary pressures than in a general demand-pull inflationary situation such as accompanied the initial phase of the Vietnam defense buildup.

John Maurice Clark, who suggested in 1960 that inflation could be avoided by limiting wage increases to the economywide rate of increase in productivity, also pointed out that such an outcome requires: *(a)* restraint in organized labor's use of its market power, either voluntarily or enforced by employers' stiff resistance and *(b)* ready downward flexibility of prices where the state of costs and profits permits.[15]

Were the general trend of wage rates in the economy to rise at a faster rate than productivity, it is likely that some inflationary pressures would result. However, to some observers this might be acceptable if the pattern of wage increases encourages more persons to enter the labor force, and thus, to raise potential economic output. To some extent, such wage and resultant price increases would effectuate an intergeneration distribution of wage costs and incomes. Retired persons receiving income from pension funds would find the purchasing power of their annuities reduced and hence find that they are in effect self-financing more of their retirement-age expenditures than they had intended to bargain for.

To the extent that there are differentials between wage and price changes in different branches of the economy (e.g., higher and offsetting productivity growth in goods as compared to services), those elements of the population purchasing a higher than average amount

[15] Clark, op. cit., pp. 38–39.