

Representative REUSS. Yes, I know that.

Mr. ACKLEY. There was no resolution, no vote. There was a discussion with the committee of different possible ways of handling the guideposts. Some indication was given that we proposed to go along the route we have followed and that—

Representative REUSS. Were minutes of that meeting held?

Mr. ACKLEY. I am not sure.

Representative REUSS. Would you undertake to supply for the committee any minutes of that meeting or impressions of what was said so that we can have the benefit of what the Labor-Management Committee had to say on this subject?

Mr. ACKLEY. May I suggest, Mr. Reuss, that the cochairmen of that committee are Secretaries Connor and Wirtz and both of them—or rather, Acting Secretary Trowbridge—will be appearing before your committee. It might be more appropriate to ask them whether they wish to supply any minutes.

Representative REUSS. Well, you were in on the discussions, were you not?

Mr. ACKLEY. Yes.

Representative REUSS. I would appreciate it if you could file for the record, your impression of those discussions and particularly on what they had to say on the nonexistence of guideposts, which I regret very much.

(The material which follows was supplied by CEA at a later date in response to the request of Representative Reuss:)

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

REPORT SETTING FORTH THE COMMITTEE'S VIEWS ON THE GUIDEPOSTS FOR NON-INFLATIONARY WAGE AND PRICE BEHAVIOR, AUGUST 18, 1966

I. Introduction

A. The purpose of this memorandum is to provide the President with the Committee's views on what are referred to in the 1962 Annual Report of the Council of Economic Advisers and subsequent reports of the Council as "guideposts for non-inflationary wage and price behavior."

B. In our judgment the 1962 report of the Council relative to the guideposts is of particular significance. A copy of the relevant portions of the 1962 report is attached. We desire to emphasize the following portions of the report:

1. "Productivity is a guide rather than a rule for appraising wage and price behavior for several reasons. First, there are a number of problems involved in measuring productivity changes, and a number of alternative measures are available. Second, there is nothing immutable in fact or in justice about the distribution of the total product between labor and nonlabor incomes. Third, the pattern of wages and prices among industries is and should be responsive to forces other than changes in productivity."

2. "These are not arbitrary guides. These described—briefly and no doubt incompletely—how price and wage rates would behave in a smoothly functioning competitive economy operating near full employment. Nor do they constitute a mechanical formula for determining whether a particular price or wage decision is inflationary. They will serve their purposes if they suggest to the interested public a useful way of approaching the appraisal of such a decision."

3. "These are advanced as general guideposts. To reconcile them with objectives of equity and efficiency, specific modifications must be made to adapt them to the circumstances of particular industries. If all of these modifications are made, each in the specific circumstances to which it applies, they are consistent with stability of the general price level. Public judgments about the effects on the price level of particular wage or price decisions should take into account the modifications as well as the general guides."

C. Consistent with this approach we have agreed on the recommendations that follow: