

diminishing unemployment, a period when you would expect wages to rise more rapidly, when in my judgment you might expect an increase in labor cost. But, because of the wonderful fight, I thought it was a great fight, that President Kennedy made with the steel industry based on this whole principle and based on having talked steel labor into standing by its productivity increases, he was able to talk steel into rolling back their price increase. President Johnson and President Kennedy were successful with the automobile industry, and in aluminum, copper, and in all these areas because you have had a specific benchmark; and because labor has performed I think with good discipline, you have been able to hold it down.

Now, without a benchmark the President can talk, but his talk, it seems to me, would have very little more effect than Truman's or Eisenhower's or the kind of conversation we get from Presidents, that everybody should be a good citizen, try to be restrained, that we have had before, and it has been ineffective.

Mr. ACKLEY. I certainly appreciate your good words about the guidepost principle.

Chairman PROXMIRE. Well, I have defended it many, many times. I think this is one of the easiest things for a Democrat to defend in our economic policies.

Mr. ACKLEY. But I do not share your view that it is impossible, without a precise numerical standard, to influence the size of wage settlements or the extent of price increases. We have had a good bit of experience this year which we tried to describe in our report. We talked to the leaders of many industries about prices. And I think we feel that we have had some effect—not because we have said the price of X product should go up no more than 1.7 percent, if that is the difference between your productivity trend and that of the economy as a whole, but rather because we have said, "Look, we have a problem. You have a responsibility. Let us see what is the best way in which you can exercise your responsibility."

We have had good cooperation, almost universally. We expect that we are going to continue to get it. I think we can effectively ask for restraint and responsibility without asking for adherence to a specific numerical figure.

Chairman PROXMIRE. I hope you give real consideration to the possibility of some kind of a compromise so that we have a specific benchmark. Watch this as time goes on, and see if you might change your mind on the basis of the developments.

One other point. The statistic you say you rely on most in farm income is the "average income per farm." The reason this statistic is unsound, it seems to me, is because what has happened, you indicate in your report so well that marginal farmers, low-income farmers, have been leaving the farm. This is one of the main reasons for your big increase in private compensation.

Now, as this happens, as those with pitifully low incomes leave the farms, leaving by the millions, the farmer with higher but still too low income is left, so your average income per farm figure is bound to increase, simply because you have a different kind of farm population. But if you look at the parity figure, just disclosed to us 3 days ago, it is now 75 percent, the lowest it has been in many, many years. And while there are weaknesses in that figure, too, this does show a