

I always look at them simply as an economic exercise and a valuable exercise. But when the administration went through actually formalizing the guideposts and putting figures on them and working to obtain compliance, I thought it got way beyond that original purpose.

Now, I have heard you were quoted as saying a 5-percent wage guide possibility would be appropriate this year in view of inflation. Is this accurate?

Secretary WIRTZ. I thought it was accurate as reported originally. But time has eroded the accuracy of it, I think. It was with reference to the wage increases taking place this year, a good many of them which have been in the neighborhood of 5 percent.

My comment was to the effect that I did not consider that an unreasonable application of the various principles bearing on this situation, and so in general, I was quoted correctly.

Representative CURTIS. Many people feel we are developing a wage-cost push this year and with the large number of labor contracts that are due this year, this can be a very serious matter as far as Consumer Price Index. Will you comment?

Secretary WIRTZ. May I make it clear—I wanted to emphasize that in my previous statement it was a direction of what was happening and had happened and it was a comparative reasonableness of that and not a suggestion of a specific figure.

Representative CURTIS. I am trying to direct your attention to what might be the situation in this calendar year 1967 in respect to inflation. The experience I would say here is entirely too high level of inflation, and it looks like there is a real element of a cost-push situation. That is why I asked the question of your estimate on productivity increases which I myself think are going to go down. At the same time, mostly due to the inflation of 1966, and the wage contracts coming up, it looks like our wages are going to be pushed considerably beyond productivity.

Secretary WIRTZ. The point that you just made is vitally important. To whatever extent there is a carryover from previous experience, and that takes its most precise form in the extended contracts, that is one thing. And one about which I cannot do very much.

If, on the other hand we can say ourselves there is not an increasing head of steam on that, and that it may be decreasing, which I think to be the case, then we are in a more satisfactory condition. You are very right in suggesting there are some carryovers, cost-push effects.

Representative CURTIS. Some companies I understand have agreed to give the Council of Economic Advisers advance notice of proposed price increases. I wonder if any labor unions are going to give advance notification of their demands? Have they come to you in a comparable way?

Secretary WIRTZ. We all have a common experience that the advance notices are usually considerably higher than the final settlement, and if your question is whether I have any basis of knowing what the final settlements are going to be, I do not.

Representative CURTIS. I was very much interested in the process, of which a great deal was made last year by the Council of Economic Advisers, as to the techniques used by the administration in the area of wage-price guideposts. Frankly, I was a little bit alarmed. I thought they were somewhat extra legal.