

to regulate interstate commerce supported the proposed amendment. We, therefore, saw no legal objections to the proposal. However, our opinion was not asked on this point and we made no specific recommendation to the Congress regarding this coverage. Cases upholding the application of Federal regulation to State activities under other laws include, *United States v. California*, 297 U.S. 175; *California v. Taylor*, 353 U.S. 533, *City of Tacoma v. Taxpayers*, 357 U.S. 320; *Parden v. Terminal Ry. of Alabama*, 377 U.S. 184 and *Oklahoma v. Atkinson Co.*, 313 U.S. 508.

Senator MILLER. Thank you, Mr. Secretary.

Chairman PROXMIRE. Senator Symington?

Senator SYMINGTON. Mr. Secretary, it is good to see you. I am sorry to be late, but we had a Space Committee hearing on the tragic accident.

In your statement you talk about Government procedures and the economy as a whole. In your second point you say, the adoption, by statute of new procedures for reviewing wage and price developments in the economy warrants consideration, but is not required by present circumstance.

What is the definition of "new procedures" to which you refer?

Secretary WIRTZ. That is perhaps too precise a reference to rather extended testimony which I submitted before the House Government Operations Committee on September 12 and I should be glad to supply that.

(The testimony referred to was subsequently supplied for inclusion in the record of these hearings and follows:)

TESTIMONY OF SECRETARY OF LABOR W. WILLARD WIRTZ BEFORE THE SUBCOMMITTEE ON EXECUTIVE AND LEGISLATIVE REORGANIZATION OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, REGARDING H.R. 11916, SEPTEMBER 12, 1966

I testify in support of the proposal in H.R. 11916 for joint executive and legislative consideration of "price-wage guideposts which would, if observed, achieve noninflationary price and wage behavior." (Sec. 2(a) of H. R. 11916).

I would recommend further consideration, however, of the provisions in the bill which appear to contemplate the establishment of "guideposts" as operative rules (Sec. 2(b): "The price-wage guideposts . . . shall take effect upon transmittal . . ."), and the provision (in Sec. 3) establishing procedures for consideration by the Joint Economic Committee of particular cases.

The debate and controversy there has been about the "guideposts" set out in the last five Annual Reports of the Council of Economic Advisers has tended increasingly to conceal their unquestionable value.

In its 1962 Report, the Council enunciated this principle: that *for the economy as a whole* price levels should remain constant and wages should increase only as productivity does.

This principle is essentially right, and its enunciation was extremely important.

There isn't much general understanding of the "laws" of economics. As the society becomes more complex, and with increasing recognition of the role of public policy-making in the operation of these laws, this lack of understanding becomes increasingly significant. Identification of this relationship between productivity and prices and wages permits a more meaningful and discriminating expression of what is otherwise expressed only as the "public interest." It is at least a little like the value of the original identification of the implications of an apple's dropping from a tree.

An infinitely larger number of people in this country understand today that if either prices or wages or both move up faster than productivity warrants there is trouble ahead—or at least the possibility of it.

This has become a significant and meaningful part of the good sense which goes into private price and wage decisions in this country—even though it may not be articulated, or sometimes even recognized, in particular cases. A new factor has taken its proper place beside the previous recognized factors (taking