

consequences at the polls keep people from doing what they regard as sensible when they stop and look at it logically and analytically and objectively.

I certainly would consider this as a possibility that ought to be seriously considered.

Representative REUSS. Thank you. Let me now turn to the guideposts you mentioned in your statement, that the administration and Congress must exercise continued vigilance on discretionary wage-price decisions. What do you think of the guidepost section of this year's economic program? I am disappointed in it because I don't like to see it left in as vague condition as the report leaves it.

Mr. HELLER. First of all, let me say that it is a very soundly, not to say brilliantly, argued defense of the guidepost principle. Also, it chronicles some very important efforts that were made behind the scenes to fight the battle against cost-push inflation with respect to both prices and wages, and I think this administration should be commended for those efforts. They have been far greater, I think, than the public has realized.

President Johnson has put his back to this problem, and I do believe that the guideposts, both on the price side and on the wage side, have had a material effect in slowing the increase in prices and the generation of a wage-price spiral.

We ought to start with that commendation, and we also ought to recognize that the arguments in the report on the wage-price guideposts are just unassailable in principle. We have to have some sort of standards for these areas in which business and labor have discretionary power that can be exercised at the expense of the public.

Representative REUSS. I join you in your commendation of past performance. It is from here on out that I have my difficulties.

Mr. HELLER. Of course, I have a bit of the feeling, having followed the guideposts and the attacks on them over the years, that the 3.2 number is revered more in death than in life. It seems to have suddenly gotten—and I am not referring to you, Congressman—it seems to have gotten a lot of supporters who weren't entirely visible. They seem to have come out of the woodwork once the 3.2 was abandoned.

Let me say that it is my impression from looking at this document, that the Council and the administration are in effect sitting this one out. I don't think they have left the dance. But they are saying it would be "counterproductive"—one of my most unfavored words in the bureaucratic lexicon, but it does fit this situation—to set up a set of guideposts, specific guideposts that we know are going to be flouted. It is like passing a law that you know is going to be violated right and left. It encourages a disrespect for the principle.

They were in a bind, no question about it, and the way out of the bind is in effect, as I say, to sit this one out and to say that we won't have a specific criterion this year because obviously 3.2 percent isn't going to be respected. Yet, if we say 4 or 5 percent specifically, then we are sanctioning wage increases that are very substantially in excess of productivity increases, and this would officially sanction cost-push inflation. This would set a precedent that would be hard to move back from.

Representative REUSS. You would hope, then, that when the dust settles, the wage-price guideposts could be reconstituted and reconstructed in a way so that he who runs may read?