

elsewhere as much, and we could not argue then that this particular process causes overall inflation.

We might argue that it is inequitable, but then if it is really true, a great deal of monopoly power exists—let's use the antitrust laws to correct that situation.

Chairman PROXMIRE. The antitrust laws—this is going to take a long, long time. Of course, we are for enforcing the antitrust laws, and, of course, we are against administered pricing, price leadership, and so forth, but it is a fact of life. You and I may disagree on the amount of it, but there is a great deal of it in manufacturing. There just isn't any question about it.

If you use this "meat ax" fiscal monetary approach which I take it under these circumstances you wouldn't use either, but if you do use that to keep prices down, the only way you can stabilize the economy is at the price of a recession.

Mr. SPRINKEL. I don't think we can prevent inflation this year. The mistake was made last year and part of the year before.

Chairman PROXMIRE. It is going to be made again, however, if you have wage-price settlements that are, say, in the 6-, 7-, or 8-percent range and there is no guideline figure at all.

The Council of Economic Advisers says that 6 percent is better than 8 percent; 8 percent is better than 10 percent; 10 percent is better than 12 percent. You know, this means cost-push inflation.

Under these circumstances labor views their position as one of catch up, and there are some very strong unions that are going to be negotiating this time. Management feels after all if this is going to happen, wage-price guidelines are gone. They have some catching up to do, in their view, although I think the case is pretty weak for that, but they may take that view and I just hate to see us accept inflation in a narrowing economy.

Mr. SPRINKEL. I agree we are going to suffer inflation this year whether we have the wage-price guidelines or don't and I am personally very pleased that we do not have a number.

Chairman PROXMIRE. Let me see if we can get one other agreement from you three men. The only man who has mentioned this in detail as I recall in his statement—that is the the growth of the economy—was Mr. Goldfinger, who said he was disappointed at the 4-percent target and said it was inadequate.

I wondered if you, Mr. Sprinkel and Mr. Madden, would agree with that.

I call your attention to the "Projections 1970" of the Labor Department, which indicated that a 4.3-percent growth is necessary even to have the 4-percent level of unemployment.

Mr. SPRINKEL. I think it's entirely possible that we can beat 4 percent but its going to depend to a considerable extent on the legislative attitude toward investment expenditures.

Chairman PROXMIRE. Is 4 percent enough, is my question?

Mr. SPRINKEL. Well, it is enough if—do you mean enough to keep full employment? Surely it is enough, provided we do not set such high minimum wages that many of the people do not get hired, but this doesn't mean we can't do better if we have the type of economic policies which encourage investment not only in physical capacity but