(The comment clearly is more applicable to the manner of implementation of the wage than of the price guidepost.)

3. *The guideposts have given rise to intolerable inequities because they were not symmetrical either in concept or in application.* For example:

(a) Only one form of income—wages—is covered directly by the guideposts, and then only when determined through collective bargaining. Wage and salary increases put into effect unilaterally by nonunion employers are not covered. Certain other forms of income—e.g., interest, professional income, capital gains, executives' salaries and bonuses—are completely untouched. The attempt to restrain still other forms of income—profits and dividends—is indirect and based on vague criteria concerning prices.

(b) The wage guidepost has been translated in practice into rigid, decimal-point arithmetic. In contrast, the industry productivity figures which are supposed to guide price decisions are nonexistent for many important industries and are known only to the experts where they do exist. Thus, the public, which is asked, in the language of the Council's 1962 Report, "to judge whether a particular wage-price decision is in the national interest", has been told all to explicitly—and in grossly oversimplified terms—when it should frown upon a wage settlement. But that same public has no basis for judgment with respect to specific price increases or refusals to reduce excessive prices. The Council admits in its 1967 Report that even it—let alone the public—"ordinarily does not have the detailed information which would permit a clear judgment as to the appropriateness of the proposed price change on either the basis of the guidepost standards or other relevant considerations."

(c) Wage-setting through collective bargaining is a bilateral process while price-setting is unilateral. Wage negotiations are often conducted in the glare of publicity, with the employer able to gain public and government support in resisting union demands in excess of the guidepost percentage. Price-setting, on the other hand, is not only unilateral but private, with the consuming public and, in most cases, the government aware of the pricing decision only after it has been made.

(d) The wage guidepost has been interpreted by the Council of Economic Advisers to apply to nominal rather than real wages. The Council's Chairman has said, "The guidepost arithmetic doesn't change simply because prices have been going up." The Council's 1967 Report, as noted, criticizes escalator clauses which protect workers' living standards (after a lag) against the effects of *prior* price increases. In contrast, an escalator clause is explicitly provided for corporations; the price guidepost allows an exception for increases in unit material costs that "significantly impair gross profit margins." Impairment of the living standards of workers' families is apparently considered less serious than impairment of profit margins. The effect of applying guidepost arithmetic to nominal wages is to penalize workers for corporation price decisions that violate the guideposts. During 1966, living costs rose 3.3 percent, which means that workers confined to guidepost wage increases *suffered declining living standards in the face of rising national productivity.* The families of the nation's wage and salary earners were asked to forego their share of the gains from rising productivity while those who violated the price guideposts were permitted to enjoy undisturbed the fruits of their irresponsibility.

(e) The Council has not hesitated to condemn publicly specific collective bargaining settlements alleged to violate the guideposts. While a few price increases have been criticized, and some rolled back, the Council has never singled out for similar public condemnation any corporation whose excessive prices and profits were clearly in violation of the guideposts and should have been reduced. In its 1967 Report the Council states, "In general terms, the greatest failure of observance of the price guidepost lies in the failure to reduce prices on a considerable number of the product lines of a large number of industries." Nevertheless, while the same Report says the Council became involved during 1966 in approximately 50 cases of price *increases,* it makes no mention of any instance in which it has sought *reduction* of an existing price.

The lack of symmetry as between wages and prices and as between income from employment and income from property fostered the development of serious inequities, some of which are documented in an earlier section of this statement. Ironically, as that documentation shows, wages—the only form of income to