

1965, and we did have, and I think you would have to concede prices rose much less during that period than they had in an earlier period, although during that period there was some strain on resources.

We were moving ahead. We were expanding. We were growing. But because steel didn't have the push in prices, and because this affected, and the President followed up on many other prices and President Kennedy and President Johnson also worked hard to keep down prices of primary metals, they had some muscle there, I submit that this is part of the reason why prices didn't go up as they had in the past with more demand pushing.

Mr. BACKMAN. Senator Proxmire, early in my statement I call attention to the fact that "in a period of strong demand * * * wage-price guideposts could not bring about price stability," and point out this is one reason why you can't expect uniform increases annually as the Council postulates.

Chairman PROXMIRE. That is in your statement?

Mr. BACKMAN. No. 2. I did not include basic steel or automobiles among the almost 50 different illustrations I cited to the Hart committee of prices that were rolled back.¹

I took areas where the Government was not intervening, and also showed that during that period there were many illustrations of price cutting from list price in other industries where the Government was doing nothing, paper, office equipment, chemicals.²

I could run down the line. The few cases you have cited I don't consider roll-backs because of competition. I consider them roll-backs because the Government intervened. I agree they had an impact.

Chairman PROXMIRE. But that had an impact on the cost of living and an impact on prices.

Mr. BACKMAN. It didn't really have much of an impact on the Consumer Price Index.

Chairman PROXMIRE. Not only a technical impact on prices, but a strong psychological impact on the country and on labor union performance and on labor recognition.

Unions are very sensitive, especially with the Democratic administration, though they would be with any sympathetic administration, a Percy or Johnson or Romney administration, they are sympathetic to what the President of the United States calls for and asks for, especially when he can justify it on some kind of principle.

So to say, "Well, this happened and it was a mistake because there were some prices that had to be paid," I would say you would have to look at this. You would have to say that prices did not go up as you have said, and as I have documented in these areas, and have had some effect on the Consumer Price Index. Now, you will have to show to me what price we had to pay for this. Why did this hurt the economy? What was wrong with it?

Mr. BACKMAN. Senator Proxmire, let me make sure that we have the proper perspective.

First, I did not say that the Consumer Price Index would have gone up. A few years ago I made a study in connection with the

¹ See "Economic Concentration," hearings before the Subcommittee on Antitrust and Monopoly, pt. 2, March 1965, pp. 568-891, 890-895.

² Ibid., pp. 571-572, 896-898.