equated wages with prices when, from the viewpoint of economic balance and equity, wage trends should be more closely related to profit trends. What meaningful standard for profits has the Council ever attempted to set up?

The Council's examination of the effects of the guideposts to date shows how utterly one-sided the Council's approach is. It examines closely the effects of the guideposts upon wage determinations, but does not examine closely their effects upon profit trends. What kind of economic analysis is this?

The Council then says, with a spurious showing of evenhanded impartiality, that the consumer price rises have been due to failure to observe the guideposts both by organized labor and by business. Just what examples does the Council cite in support of the proposition that cost push has justified the recent price increases and the profits which they have brought?

Then, the Council says that much of the rise in corporate profits which has occurred would have occurred even if the guideposts had been precisely followed. In view of the clear demonstration of how far profit advances, and the investment stimulated thereby, have gotten out of line with the rest of the economy in recent years, what could be a better example of an admission by the Council that the guideposts in the form written could not deal properly with this problem?

The Council then repeats its stubborn and wrongful objection to allowance of cost-of-living increases in determining wage rates, although it is forced to admit that there will be some of this in 1967. I have already stated fully above the economics of this issue.

Later on in the same chapter, the Council argument really runs thus: If wage earners get the wage-rate increases which are justified by productivity gains, and if these wage-rate increases are also adjusted to cost-of-living increases—and are also kept in line with ability to pay—this will not do wage earners much good, and will do the public much harm, because management will simply resort to still higher prices. This is a highly circular argument which begs the whole question. It is tantamount to saying that wage payments in ratio to profits must remain too low in terms of the good of the whole economy, and that the only choice is whether they remain too low by virtue of inadequate wage-rate increases and stable prices, or remain too low by virtue of wage-rate increases which would be adequate except that they are followed by unwarranted price increases. This type of begging the question does not rise to the dignity of responsible argument; it does not meet the national problem.

If the Council wants to establish voluntary standards for price-wage profit behavior, it must deduce these standards from the kind of long-range economic balance sheet which I have consistently advocated. That is the analytical method used under conditions of full-scale war, and it is an analytical method essential at all times, even though the current situation does not call for direct controls which were needed during full-scale war.

The Council's plea to industry to exercise price moderation is commendable, but it is a cry in the dark and does not compensate for the Council's errors of omission and commission, to which I have called attention many times before.