and wages of railway workers might, on the other hand, be useful fields of inquiry for such an office even if the general price index were not going up at all.

Second, an office concerned with prices, productivity, and income, might well devote most of its time to the productivity part. Many competent people have struggled with the design of methods to improve the construction industry; I have the impression that an office such as that being considered might have a good deal of such material to draw on for analysis and early recommendation for action. Several investigations of medical costs are already under way, and should lead to useful ideas, other than controls on fees or incomes, which could lead to improved techniques. If so, actions taken now to alleviate gradually what seems to be a tightening bottleneck could lead to significant improvement in long run price stability and welfare, even though it had no bearing on price indexes in 1968. An office such as the one in question should be more concerned with improving supply response than with the negative—if sometimes necessary—function of blocking arbitrary price increases.

Third, if such an office is to be established, it should provide for systematic procedures to bring all parties at issue into the discussions about what to do. But it should have its own staff and responsibility for making independent recommendations. It should not have to wait on a consensus among the parties at issue. If it does, it will wait forever. These issues involve conflicts of interest. Not just principles, but even money. If the proposed office is to be more than a forum for healthy argument, it should be charged with responsibility to speak up for itself as an agency with a position.

Fourth, it would seem to be a mistake to rule out absolutely the possibility of imposing legal restraints on price and wage increases in particular fields. Reason and the pressure of public opinion are important forces, but when they run into conflict with people's capacity for self-justification, they often lose. If the case is clear, and well-supported advice does not have any effect, there is no reason to consider that regulation of prices for producers of a particular industrial product should be any more of a capital sin than regulation of charges for long-distance telephone rates. The question is whether or not the market is working with the flexibility and accuracy in pricing that a competitive industry could be expected to achieve. If it is not, legal stipulation of the same result that a competitive market would have created had there been competition, seems to be the next best answer.

Fifth, if any such cases of direct regulation should arise, they might well be handled in a less ponderous way than has been the case in public utilities and other regulated fields. On the one hand, if the possibility of direct restraint is genuine, that fact alone might affect behavior. If unions and industries do apply more self-restraint, then external restriction can be a reserve power, exercised rarely. On the other hand, if it is never used, it will have no weight. It is likely that cases might arise in which the justification for direct restraint is quite clear (clear to all except the companies or the union directly involved, I mean), but in which one might hope to avoid any complex or continuing supervision, and get back quickly to a freely moving market once the fact of possible control is made clear. Therefore, if such an office were to have any control powers, they might be stated