in such a way to allow temporary restraining orders, for 3 months of 6 months or some such period, subject to possible renewal if explicit decisions are made as to the desirability of doing so, but expiring automatically if not consciously renewed.

Sixth, an office such as that being considered should itself be subject to close supervision by the Council of Economic Advisers. The Council has a history of enormous competence in dealing with questions of aggregative economic policy. It does not have the scale of staff or the traditions appropriate to direct management of the type of problem with which the proposed office would be most concerned. The Council should not be dragged into the details of practices limiting entry to particular labor markets, or of cooperative pricing by sellers of drugs. But it should certainly play the key role in determining what pace of wage increase, and what relationship of wages to profits, would for any given year best insure both adequate investment and stable prices. Furthermore, it is in a position to make sure that any office more intimately concerned with such questions does not begin to move in directions adverse to general economic efficiency. It should perhaps have a veto power over the right to issue any restraining orders affecting particular prices and wages.

This is not to say that the Council is always right and any other agency in conflict with it is bound to be wrong. It is simply that the Council is superbly designed to keep central economic objectives clearly in the forefront, and is probably less likely than any other agency to get trapped into a preference for excessive regulation. In any case, if there are conflicts with the Council about the advisability of any form of direct restraint, the presumption should be that the restraint is best avoided. Better that the price index go up than that a healthy industry be arbitrarily penalized.

Six general points on the subject do not add up to much precision on the question of what to do next. But the number suggests that it is time to stop. If the idea of an independent office on prices, productivity, and incomes is pursued by Congress, there will be no lack of detailed suggestions as to how to do it.

I have not said much about the guideposts. I would be glad to add as an annex to this statement a summary of the book just written. It favors more active use of policies similar to the guideposts. Progressively revised as experience grows, they could help a great deal, not so much to eliminate inflation as to provide more scope for use of expansionary monetary and fiscal policy by preventing arbitrary price increases in the absence of shortages.

It is correct what the guideposts leave unanswered is an analytical problem about capital productivity and the substitution of capital for labor; if the guideposts were to be continued they might have to be somewhat amended.

I would agree with the idea of Mr. Fromm that we are all aiming at a society in which you would not have to intervene directly. The longrun hope would certainly be that nothing like the guideposts would need to be maintained indefinitely. I do not think we are very close at the moment to an economy that is so competitive that we have no use for them.

Guideposts, boards, and offices concerned with industry behavior, even direct controls in specific fields, sound to many people as if the end of private enterprise were at hand. There is no point in denying