

Chairman PROXMIRE. My time is up.

Mr. PERRY. So there is a difference.

Chairman PROXMIRE. Congressman Reuss?

Representative REUSS. Thank you, Mr. Chairman, and gentlemen.

I tried to distill out of your four excellent presentations some propositions which I thought would produce agreement. Let me state them, and anyone who wishes to opt out from anything I state is invited to do so.

I think of five points here.

Point one, fiscal and monetary devices are the most important for removing excess demand and thus achieving noninflationary growth, and whatever is done by wage-price guideposts should be in conjunction with, and in addition to, proper fiscal and monetary policies. I am sure everybody would agree with that.

Two, industry and labor ought to be in on the formulation of guideposts, as they have not been in on the formulation of guideposts in the past.

Three, in the immediate situation which confronts us, guideposts ought to adopt some of the compromise flavor suggested particularly by Mr. Perry in his paper. While it is, I think, not necessary to decide now whether the wage guideposts should take into account only two-thirds of the adjustment for increased prices or whether it should be four-fifths or five-sixths or whatever—I don't think it is necessary to decide that one now—I suggest that this third principle I am talking about is that there ought to be some short-term compromising which clearly recognizes the inflationary harm that has been done.

Four, that the Council of Economic Advisers ought not to be charged with the specific implementation of guideposts, but that this should be entrusted to something like a Price, Productivity, and Incomes Board. I know Professor Kendrick, for example, says there are a lot of questions that should be asked before we set up such a Board, but let's assume that those questions are asked and answered.

Five, there ought to be somewhere in the Government a guardian of the Consumer Price Index whose job it is to see that, quite apart from wage-price guideposts, necessary governmental actions are taken to try to keep the costs of the Consumer Price Index as stable as possible.

It is not difficult to imagine what such a guardian would have been doing in the last few years had he been in existence.

He would have been lobbying vigorously for a broad program of Federal aid to medical schools and schools of nursing because he would have foreseen the terrible undersupply situation that now confronts us there, and we would have taken needed action earlier.

He would have been lobbying against governmental overspending in certain fields, and here I am thinking of space, for example, where governmental programs themselves cause inflation.

He would have been lobbying and trying to do something, I should think, about getting our farm price adjustment structure more in terms of income aids to farmers than in terms of price aids to farmers, so that you can have both cheap foods and an adequate farm income.

Well, those are the five points which occur to me, and let me ask any or all of you gentlemen whether you want to qualify any of those points or disagree with them. I will start with Mr. Kendrick.