

Mr. KENDRICK. I certainly agree with the second point that industry and labor representatives should have some voice in the formulation of guideposts which are expected to be observed voluntarily. I inadvertently left out one paragraph from my written statement saying that full hearings by the Joint Economic Committee on the refurbished guideposts would help in clarifying and publicizing guideposts and giving all parties involved an opportunity to participate in their consideration.

This, I thought, was one of the attractive features of your bill, H.R. 11916, the hearings on which I read in preparation for this statement, and I don't know whether it is the plan of the Joint Committee to have special hearings on the wageprice guideposts apart from the review of the Economic Report, generally, but it certainly seems like a good idea to provide a forum for interested parties which they may otherwise not have.

It seems to me we all agreed with the predominance of the importance of fiscal and monetary policy with respect to the guideposts at the moment. This seems to be only practical, to try to reduce the rate of wage and price increases in increments, not all at once.

However, I think that in any interim supplementation of the guideposts number for noninflationary wage increase, the final goal of bringing average wage increases back to something around 3 percent should be kept in view, that this is the ultimate, and the report of the President's Council, in 1967, said very clearly that if we are to have a stable price level we will have to return to the principle of the guideposts at some point.

Representative REUSS. The trouble with that, of course, was that it offered no guidance for the era now, 1967 and 1968.

Mr. KENDRICK. That is right.

Representative REUSS. To tell labor it has got to go down to a 3.2 percent wage level is unfair and unrealistic.

Mr. KENDRICK. Yes.

Representative REUSS. And instead of putting our minds on it and telling them what would be a fair target, we really told them nothing.

Mr. KENDRICK. That is right.

The Council refused to name a number.

Representative REUSS. And we —

Mr. KENDRICK. With respect to the PPI Board, which I notice that Dr. Colm advocated in the hearings on your bill, I did raise the questions that I think should be considered very carefully before setting up such a board. I do think that if the Council is going to remain fairly activist in this area or resume an activist role it would certainly make sense to have a more specialized group in close touch with the Council involved in discussions with key industry and labor groups, although I think the problem will remain as to the possible discrimination in the choice of cases for review, and for application of persuasion or, perhaps, certain types of legitimate pressures.

I think that is a serious problem here. I mean, when attempted implementation is selective, how do you avoid some discrimination?

In connection with this office, let me say, I was very pleased to hear Mr. Sheahan express the same view which I did that there should be a considerable emphasis on measures to raise productivity, particularly in the lagging areas such as the service industries, local transit,