would change it, and Mr. Sheahan has offered a good many useful comments, let me just say, I see two risks, two directions in which some group we might design can go wrong.

The way that is most often cited is that in the process of doing a difficult job they become an agency for too much control. Their concern for flexibility is lost and their concern for price stability is lost. The second direction in which they might err is in becoming a vested interest for deflation. They could become a lobby for nonexpansionary aggregative policies.

I see both of these as possible risks in going into some forms of a price-wage agency. But, I do agree that the way guideposts are presently handled is not ideal and we should be doing something.

Representative REUSS. Mr. Sheahan?

Mr. SHEAHAN. There can't be many people who could have enunciated five points and found four economists agreeing with them. I would like to underline the fifth one, especially the hope for more conscious coordination of Government actions concerned with price stability.

There ought to be some office within the Government that tries to raise the weight of considerations given to the impact on consumer prices of policies of airline, and truck, and farm regulations especially. The Government itself could accomplish a great deal, even if the degree of cooperation outside the Government were low.

On the same point, though, I think it would be terribly important to instruct either a board or a defender of the price index in such a way that it does not get trapped in what Mr. Perry is concerned with. A board that is mainly concerned with keeping down prices may tend to get into the business of finding out what is in the index, listing the things that are going up and trying to do something about them, when many better opportunities present themselves in fields which are not obviously contributing to inflation.

For example, the airline strike that practically cracked the guideposts would have been much less likely if the Government agency concerned had paid some attention to the fact that productivity was increasing about 8 percent a year, costs were falling, and profits were rising very fast. The fact that rates were not going up seemed to be enough to leave the industry alone. Appropriate action in this case might have given us falling prices. I like very much all five of your points.

Representative REUSS. Thank you, gentlemen.

Chairman PROXMIRE. Thank you, Mr. Reuss.

Congressman Rumsfeld?

Representative RUMSFELD. Mr. Chairman, there is a brief statement here by seven members of the Government Operations Committee on the subject of wage-price guideposts which might be useful to have in the record. It is quite brief.

Chairman PROXMIRE. Without objection it will be printed in the record at this point.

(Statement referred to follows:)