treated at some length. The suggestions that follow are not at all exhaustive, but they should suffice to indicate the variety of aspects from which the determination and administration of wage-price guidelines might be reexamined, with some advantage to the current exercise and with even more advantage to a future design. Comments already made about statistical needs remain pertinent, but they will not be repeated in this section.

The first suggestion offered under the fifth point is far-reaching in its practical implications: *To consider payment of non-negotiable, low-interest "wage-deferment bonds" as government compensation for the inflationary loss of purchasing power sustained by persons whose wage increases in the same year have not exceeded the guideline percentage.*[14] This kind of compensation would remedy the injury suffered by the "good guys" at the hands of "bad guys," or suffered through operation of the economic forces that the latter personify; and its availability might also encourage the government to behave more "responsibly" in an inflationary setting. Unlike escalation adjustments in wages for cost of living, the issuance of bonds does not translate immediately into added pressure on prices. Perhaps the term of the bonds or the interest rate could be set so as to defer heavy redemptions to a period of uncertain or declining aggregate economic demand.

Adoption of this idea might reinforce acceptability of another, which is sound in principle but can be implemented only roughly: *To set any annual guideline criterion for wages at the more conservative of two projected figures, one reflecting the year's expected productivity change and the other reflecting the anticipated longer-term (say, five-year average) trend.* For inflation control, of course, projections, especially for the short term, are much more pertinent than the record of past economic performance, which has been emphasized instead in the current guideline venture. For a period in which annual productivity gains are slackening, the availability of wage-deferment bonds would make it easier for unions to accept the more conservative wage adjustment here suggested. (Incidentally, if a productivity decline is projected for a particular year, a zero, rather than negative, wage adjustment would be "conservative.") It might further be suggested that the productivity projections used for guidelines be the same as, or compatible with, the ones used by the Council of Economic Advisers in its other work—say, in anticipating changes in the Gross National Product and the major components thereof.

Consistent with the preceding two thoughts is the next suggestion under the fifth point: *The government should concede that bargained wage increases may properly go beyond the general wage criterion, but it should also use appropriate means to discourage (a) automatic translation of ultra-productivity wage gains into price increases in the same year and (b) automatic mimicry of such wage gains elsewhere.* In a regime that seeks fuller employment with minimal inflationary leakage, that wishes to avoid formal controls yet achieve the macro-conditions of price-wage stability, that also

[14] At the Atlanta meeting on November 11, 1966, the author included the alternative of an equivalent income-tax deduction.