Such problems raise questions about what the government may give to the business community in return for cooperation. The limitation on exports of hides to aid the shoe industry was a disturbing sign. No good purpose is served by a state of warfare between government and business, but neither is it desirable to extend favors to particular groups without open hearing for all interested parties. The wage guideposts themselves tend to line up government and industry on the same side in wage negotiations. The possibility that cooperation between government and particular groups may favor some at the expense of others is hard to rule out when the content of negotiations is not made public.

Statistical Tests of Effectiveness

Have the guideposts made any contribution to the struggle against inflation? Certainly the first four years of their existence, through 1965, were characterized by greater stability of prices and wages, as indicated in the comparisons shown in Table 1.

TABLE 1. *Average Annual Price and Wage Increases Before and After Guideposts*

Period	Wholesale prices	Consumer prices	Hourly earnings in manufacturing excluding overtime	Total compensation per hour in private economy	Average of labor force unemployed
Before Guideposts					
1947–61	1.5%	2.1%	4.8%	4.9%	4.8%
1953–61	1.0%	1.4%	3.7%	4.2%	5.4%
After Guideposts					
1961–65	0.5%	1.3%	2.7%	3.6%	5.3%

The degree of restraint exercised in 1965 and 1966 was clearly not sufficient, but it is probable that the actual rise in prices in these years was less than it would otherwise have been. Even the most conservative of the available tests of wage behavior indicates a pronounced downward deflection for 1965.

The empirical tests of the effects of the guideposts are not all consistent with each other as measures of the magnitude of change.This is not surprising. The data are imperfect estimates of the forces being measured, and the investigations employed a wide variety of hypotheses