tions are placed on price increases in the absence of true shortages, or on wage increases that are greater than overall productivity in the presence of unemployment, then behavior can be brought closer to the result expected in a competitive economy.

As an alternative to the guideposts, it is argued by some that there should be more aggressive use of antitrust policies to reduce undue concentrations of market power. This is surely a desirable direction in which to move, but not any more likely to be a completely satisfactory solution in the future than it has been in the past. Even if more vigorous antitrust action makes the economy function better than it has, the guideposts might still provide desirable restraints in the areas of important discretion which will remain.

The original formulation of the guideposts aimed at equal rates of increase for profits and wages, but did not go further into the treacherous terrain of income distribution among groups. A sustainable system probably requires more attention to these questions. Profits can be too low for adequate investment, or too high for aggregate balance. Exceptionally underpaid workers ought to be entitled to above-average rates of wage increase, but this implies a specific offset in terms of below-average increases for others.

In practice, the guideposts seem to have borne down more heavily on wage increases in some of the better-organized manufacturing industries than on other forms of income. Some may see in this rough justice; gains of the steel and automobile workers in the 1950's came partly out of the real income of less organized and lower-paid workers and had little or nothing to do with considerations of rational resource allocation. But to place some brakes on wages in manufacturing, while higher-paid construction and railroad workers keep on moving ahead of the rest of the labor force, and while many forms of professional income move up even faster, is a crude form of correction at best.

Profits rose much faster than wages from 1961 to 1966, but not because of the guidepost restraint on wages. The period was one of recovery from a recession in which profits had fallen too low for adequate investment. But by 1964-65 profits probably did go beyond levels that are defensible in terms of investment requirements.

To make a guideposts system viable, people must believe that it works fairly. It has fallen short on this score. To do better would require reaching out to exert pressure on some industries and labor groups as yet untouched, and to some professional groups as well.