It may be that, in attempting to meet our commitments at home and to pursue a war abroad, it will become necessary at some date to institute direct economic controls in order to prevent a disastrous runaway inflation. Labor has long since indicated its willingness to face that eventuality—provided that all Americans are called upon to share the burden equally.

As part of its anti-inflation program, the CEA reiterates the controversial guidepost concept. The Council moved this year to an implicit absolute maximum of 5½ percent for "noninflationary" wage settlements. We in CWA continue to maintain that the guideposts are inequitable—that they call upon one part of the population to make a special sacrifice to correct a problem which that sector had no responsibility in creating.

During the period 1961–66—the guidepost years—corporate profits increased 77 percent, while employees' compensation rose only 43 percent. In an attempt to achieve higher and higher profits and returns on equity, business raised prices during the slowdown in late 1966 and early 1967 in order to maintain previous profit levels in the face of a decrease in demand. Wage earners watched impatiently as their incomes lagged behind other forms of income, including dividends, professional salaries and capital gains.

At the same time the purchasing power of workers' earnings was being eroded by rising food prices and the costs of essential services, especially medical care services. By late 1966 it was obvious to labor that a catchup to the mounting cost of living was necessary. Yet despite the negotiated settlements averaging 5½ percent last year—which the administration considers alarming—a recent Labor Department study showed that real wages were no higher last December than the two previous Decembers.

There is a growing imbalance in income distribution in this country; the guideposts penalize the very group whose incomes must be adjusted if the imbalance is to be corrected.

The movement back to one magic number that is to apply to all industries—the efficient and the inefficient—flies in the face of the economic realities by which resource allocations are made in a free economy. We cannot accept 3.2 percent or 5.5 percent or any other single figure as being the "right" wage increase for all workers in all situations.

We are somewhat puzzled over the role of the newly created Cabinet Committee on Price Stability. The President states that one of its functions will be to inform labor and business of the "consequences of irresponsible wage and price behavior," and "to seek ideas and initiatives to correct persistent structural problems that cause prices to rise." Yet he assures that the Committee will not become involved in specific current wage or price matters. We fear that the door has nonetheless been left open for this body eventually to grow into some kind of "final judgment" panel to give a "pass" or a "fail" to a negotiated settlement, on the basis of whether the Committee believes it to be inflationary.

On the other hand, there is much that we do not yet understand about our complex economy. If, through study and discussion, the Committee can add to this understanding, and can propose remedies