

Secretary SHULTZ. Well, I agree with you that the problem is a tough one, and that it hasn't really been resolved successfully anywhere. I believe that it is extremely important to keep your eye on this unemployment picture as well as on the inflation side of life.

Senator PROXMIRE. You say keep your eye on it, but you are going to be the man in the administration who under these circumstances is going to say, we simply shouldn't pay this price. This is something that we simply must not let unemployment do, rise significantly.

Secretary SHULTZ. I don't expect that my voice or my concern about unemployment will be the only one by any means. The President certainly is conscious of this. Mr. Kennedy is very conscious of it.

Senator PROXMIRE. But you are one of the most vigorous proponents of providing adequate growth in employment.

Secretary SHULTZ. Well, I expect to have equally vigorous colleagues.

Senator PROXMIRE. I don't want to put words in your mouth. I take it you do reject wage-price guidelines. I heard you on television say so. I just want to be sure that I am not speaking out of turn. Do you feel that wage-price guidelines are something that we should reject?

Secretary SHULTZ. Yes, I do.

Senator PROXMIRE. Would you go so far as to say that we shouldn't use President Kennedy and President Johnson's way, which many people feel is very effective, with the President speaking out vigorously when prices are increased, such as in the steel industry?

Secretary SHULTZ. I don't believe that the Presidential efforts have been all that effective.

Senator PROXMIRE. In other words, you don't think he should do it?

Secretary SHULTZ. I think as a practical matter the guideposts did not work in this country. They have been tried in one form or another in practically all of the democratic countries of the world and they haven't worked anywhere. I think that it is in some ways, sir, a deceiving kind of policy to follow. As you point out, what I have suggested as an approach to resolving this problem is certainly not sure fire, on the other hand, I think the experience of the guideposts and similar arrangements—income policies of various kinds—while they have not worked, they have led people to feel that they would, and thereby relax their attention on the monetary, fiscal, manpower, and other kinds of activities that are the fundamental ways to get at the problem.

Senator PROXMIRE. But do not the statistics show that in the period from 1962 through 1965, those 5 years, we had dropping unemployment and we did not have a sharp increase in the cost of living, and it was an unusual performance on the basis of historical experience? There may have been many reasons for it. But wage guidelines were one of the policies that the past administrations pursued that seemed to help. They feel so strongly about it that they recommend that we still try to proceed with it.

Secretary SHULTZ. My view on that, if I can just take a moment to develop it, is, first of all, to be dubious that the guideposts did play much if any part in what I agree with you was a good performance.

Second, I feel that the guideposts did quite a lot of damage when they blew up. They probably contributed to a higher level of wage settlements than we otherwise would have had, and greater strife