Mr. SUITS. I question its practicality merely on the grounds that, in our economy, we have found ourselves unsuccessful in depending on good will for economic motivation. Good guys always lose. If I decide, in the interests of preserving the price level, to apply my own wage-price guideposts and not to ask for higher wages next year, or not to get higher prices for my services, this doesn't guarantee that everybody else will go along.

Senator PROXMIRE. Well maybe.

Mr. Perry, you, as I understand it, made some study of this, and you found, as I recall, that the wage-price guidelines perhaps reduced inflation by eight-tenths of a percent, which is a very significant contribution if we can verify it, and I have the feeling that the good guys, at least those who abide by it, were big steel companies, big automobile companies, big steel unions, and big automobile unions, and none of them were exactly hurt. They aren't certainly at the bottom in any case of the economic spectrum. How about it?

Mr. PERRY. That is correct, as you described it. But I think someone would point out, if he wanted to argue the other side, that the real spendable income of workers in these areas hasn't gone anywhere for a few years now. I don't know where you come out. I believe guidelines were working; a lot of my colleagues aren't quite so sure.

Senator PROXMIRE. Are they beyond revival? Would you say that the Johnson administration's proposals in this area cannot be practically enforced or go into effect?

Mr. PERRY. I see no reason why, if the administration wanted to get into this business, they couldn't go back to approximately the same kind of applications as were being made in 1965. They would have to use different numbers.

Senator PROXMIRE. You think it might have some effect, at least, a significant effect, in keeping down the rise in prices and perhaps move the Phillips curve over a little bit so the trade-off between inflation and unemployment wouldn't be quite so bad?

Mr. PERRY. I think it would have such an effect. There are people who would point out that it would have effects they don't like and you have to weigh the two. But it could have an effect, yes, sir.

Senator PROXMIRE. How about the policies that have been followed ever since Franklin Roosevelt—and I guess, more or less by Presidents of the United States—of speaking out publicly and emphatically when a big industry with pricing power, price leadership power, increases its prices, or a union has demands which seem unreasonable? Is this a useful action? Should the new President follow this policy, in your view?

Mr. PERRY. Yes, I certainly think it is useful and something that a President is right in doing. It becomes hard to know when you have a clear case when you have quite a generalized inflation as we do today, as compared to taking that sort of position when you don't have generalized inflation.

Senator PROXMIRE. Well, of course, President Nixon hasn't, to my knowledge, indicated that he is rejecting that but certainly administration spokesmen before this committee have made it pretty emphatic they don't think it very wise. For example, Mr. Shultz, the Secretary of Labor, said he would counsel the President in effect not to do it. He feels that the President's prestige shouldn't be put on this line that way. You disagree with that?