qualify them for the type of work that is available in a technologically advanced society. In some cases such efforts could be materially assisted by exemptions from the minimum wage law for handicapped and beginning workers.

While the Council of Economic Advisers indicates that a price level rise of 4 percent per year is "unacceptable," we do not think the Council has placed sufficient emphasis on the long-run dangers of inflationary policies. There is real danger that efforts to increase employment by inflating the economy may lead to an economic bust which would increase rather than reduce unemployment.

It has often been argued in the past that an easy money policy is necessary to hold down interest rates in order to stimulate the housing industry. Recent experience suggests that an inflationary expansion of the money supply leads to high, not low, interest rates. If lenders are convinced that they will be repaid in cheaper dollars it is only natural that they should demand higher interest rates to offset the potential loss in the purchasing power of loan funds. If prices are advancing at a rate of 4 percent per year, interest rates must exceed 4 percent if lenders are to receive any real return for the use of their money.

We agree with former President Johnson's statement (page 10) that, "the vital guiding mechanism of a free economy is lost when the Government fixes prices and wages." We do not, however, agree with the Council of Economic Adviser's statement (page 59) that, "business and labor should undertake a pattern of voluntary restraint" based on Government-suggested guidelines.

Government guidelines are an interference with the operation of the market system that is only a step removed from price and wage controls. The proper role of the Government in inflation control is to create an economic climate that is conducive to a stable price level—not to inflate the economy and then ask business and labor to refrain from responding to inflationary pressures.

We do not agree with former President Johnson's suggestion that Congress "give the President discretionary authority to initiate limited changes in tax rates, subject to congressional veto" (page 13). The record indicates that the Congress can act quickly on tax changes when a majority of its Members are convinced that proposed changes are required by the national interest.

Enactment of the present surtax was delayed because many Members of Congress—reflecting the views of their constituents—felt that an increase in taxes should be accompanied by a reduction in Government expenditures. We do not think it would be wise for the Congress to surrender its right to originate changes in tax rates, to decide the amount of such changes, and to decide whether increases should be accompanied by cuts in expenditures.

Agriculture

We agree with former President Johnson's statement (page 16) that, "Agriculture has been the stepchild of trade negotiations, and deserves prompt and proper attention."

The most notable agricultural result of the Kennedy round was an International Grains Arrangement which has resulted in an inverse subsidy, or export tax, on U.S. wheat exports. We do not see how anyone could expect to expand wheat exports by taxing them. It is not surprising that wheat exports have declined since the International