ments that formerly contested the field. Whatever else the guideposts have accomplished, this is a solid achievement.

Statistical studies

A number of statistical analyses have been made of wage and price behavior before and after the guidelines. The results differ, and are in some respects inconsistent; however, several investigators find some degree of improvement under the guideposts.

The question, of course, is whether the improvement might have been due to other factors. After a careful review of studies covering the first 4 or 5 years of the guideposts (through 1965, in some cases through part of 1966), Sheahan commented as follows:

> "While the evidence is good that wage and price behavior became more restrained after 1961, anyone determined to resist the suggestion that the guideposts were responsible for the difference can readily find alternative explanations. And it should be recognized that the statistical tests discussed above give good reason to expect that factors other than the guideposts might have acted to change wage and price behavior * * *. Among the more plausible reasons * * * three may be singled out for consideration: (1) a lessening of inflationary expectations after the successive recessions of 1957–58 and 1960; (2) an increase in competitive pressure from abroad; (3) a more even pace of expansion, both as to overall rate and as to balance among sectors." [49]

There have been a few studies covering longer periods than those reviewed by Sheahan, but they do not alter the basic conclusion. The guideposts appear to have had some beneficial effect, but it may have been due to other factors.[50] That is about as far as purely statistical analysis can take us.

Opinion testimony

In view of the uncertainty of the statistical evidence it may be worthwhile to cite the opinions of a few knowledgeable observers. The first finds some effect on both wages and prices:

> "Quite apart from these statistical studies we know that interventions by the Council of Economic Advisers were frequently effective in moderating or delaying planned price or wage increases in a substantial number of significant cases, although these were a tiny fraction of total wage and price actions during the period. It seems self-evident that application of the guideposts did have some effect." [51]

The second opinion finds some effect on prices, but little or none on wages:

> "In enterprises that have a measure of control over price, and where price decisions are prominent and publicly exposed, it appears that a degree of additional caution and care, and in-

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[49] Sheahan, *op. cit.*, p. 92.

[50] See. for example, the studies of Gary Fromm (through 1966) and George L. Perry (through 1967), reported in Hearings, Joint Economic Committee, January 1968, pp. 3 and 12. As to his own study (which dealt with wage behavior only), Perry concluded:

> "While the tests are necessarily rough ones and cannot preclude explanations other than the guideposts for the observed behavior of wages, the results seem plausible and more compelling than any contrary evidence I have seen. But one should not push them too far. In particular, one has to place very wide bounds on any numerical estimate of how much the guideposts have done." (P. 16.)

[51] John W. Kendrick, Hearings, Joint Economic Committee, January 1968, p. 9.