Contents

George P. Shultz and Robert Z. Aliber: INTRODUCTION	1
PART I. GUIDELINES IN PERSPECTIVE	
✓ Milton Friedman: WHAT PRICE GUIDEPOSTS?	17
Why Direct Control of Prices and Wages Does	
Not Eliminate Inflationary Pressure	19
Inflation is a Monetary Phenomenon	25
Suppressed Inflation Is Worse than Open Inflation	31
What Harm Will Be Done by the Guideposts?	37
Robert M. Solow: THE CASE AGAINST THE CASE	
AGAINST THE GUIDEPOSTS	41
The Problem of Premature Inflation: Some	
Obvious Remedies	41
Have the Guideposts Had an Effect on Wages	
and Prices?	45
Would the Guideposts Freeze the Distribution	40
of Income and Interfere with Free Markets? Unevenness and Inequity	48 51
How Should the Guideposts Figure Be Set?	52
Conclusion	54
Miles Educe Or comme	•
Milton Friedman: COMMENTS	55
Robert M. Solow: COMMENTS	62
Gardner Ackley: The Contribution of Guidelines	67
Inflation Resulting from Excessive Income Claims	68
Contribution of Guideposts to Price Stability	72
Are There Acceptable Alternatives?	76
PART II. EXPERIENCE WITH GUIDELINES	
John T. Dunland, Companya Wilcong, and	

John T. Dunlop: GUIDEPOSTS, WAGES, AND	
Collective Bargaining	81
Give Credit Where Credit Is Due	82
The Brickbats	85

-

Contents

Some Basic Problems An Alternative Approach	89 92
Arthur M. Ross: GUIDELINE POLICY—WHERE WE ARE AND HOW WE GOT THERE	97
Introduction	97
European Experience in the Postwar Period	102
Experience in the United States	114
The Record of Wages, Costs, and Prices	126
Concluding Comments	128
E. H. Phelps Brown: Guidelines for Growth and for Incomes in the United Kingdom: Some	
Possible Lessons for the United States	143
The Movement toward Guidelines	143
Guidelines for Growth	150
Guidelines for Prices and Incomes	153
Possible Lessons for the United States	160
Harry G. Johnson: BALANCE-OF-PAYMENTS CONTROLS	
and Guidelines for Trade and Investment	165
Guidelines in Perspective	166
The Balance-of-Payments Problem	168
The Three Phases of the Deficit	169
The History and Nature of the Guidelines	172
Evaluation of the Guidelines	175
Arguments for the Guidelines	178
The Alternative to Guidelines	180
Allan H. Meltzer: The Regulation of Bank Payments Abroad, Another Failure for	
THE GOVERNMENT'S BALANCE-OF-PAYMENTS	
Program	183
Policy Goals and Achievements	185
The Failure of the Guideline Policy	190
Long-Term Effects on the Balance of Payments	199
Conclusion: An Alternative Approach	204
PART III. GUIDELINES, LEGAL ISSUES, AND THE GOVERNMENTAL PROCESS	
Philip B. Kurland: GUIDELINES AND THE CON-	
STITUTION: SOME RANDOM OBSERVATIONS ON	
PRESIDENTIAL POWER TO CONTROL PRICES	
AND WAGES	209
State Power to Control Prices and Wages	211
state i over to control i nees and wages	<u>~11</u>

ł.

х

2

CONTENTS	xi
National Power to Control Prices and Wages Presidential Authority to Control Prices and Wages Inconclusive Conclusions	218 223 239
Philip B. Kurland: COMMENTS	243
Benjamin Aaron: COMMENTS	248
Frederick R. Livingston: COMMENTS	254
Ralph Helstein: COMMENTS	263
PART IV. REPORTS OF WORKSHOP DISCUSSIONS	
Douglass V. Brown	267
Robben W. Fleming	270
Theodore W. Schultz	274
George J. Stigler	277
APPENDIXES	
Appendix A: Selected Materials on Wage-Price Guideposts Appendix B: Selected Materials on Guidelines	283
FOR BANK CREDIT AND INVESTMENT ABROAD	323
List of Participants	353

I