Still another standard is the rate of use of capacity. One economist has suggested a mathematical rule according to which price increases would be allowed if the rate of use of capacity exceeded a stated percentage.[17] To other economists this appears infeasible because of present lack of data on capacity and because of inability to measure or perhaps in some industries to even define capacity. Nevertheless, rate of use of capacity may be a significant standard in determining need for price increases. If capacity is used fully and demand is pressing upon supply, and if this is not a temporary situation, then a price increase may be deemed reasonable as means of inducing new investment. This may indeed be the most useful standard for determining the justification for price increases which have as their purpose increase of investor's return rather than coverage of wage increases.

The foregoing discussion on standards of judgment reveals only in part the difficulties of factfinding, advisory opinions, or decisions on prices. The difficulties would be compounded in a rapidly changing industrial scene with introduction of new products and new industries and rapid, even revolutionary, changes in technology of production. The pace of developments outruns the accumulation of factual data and puts a strain on standards of measurement and comparison. Moreover, pricing judgments would need to be based on consideration of the need for incentives and for rewards for increased productivity and cost-saving measures and at the same time of the need for passing to the consumer and to the economy as a whole some of the gains in productivity in the more rapidly evolving areas of technological advance. Also, the evasive elements of quality improvement or deterioration, of discounts and other departures from standard price, of varieties of pricing technique and practice, and the uncertainties as to future market conditions would qualify accuracy in judgment on justification for price increases. Special difficulties would arise in judgment on the justification for price increases for single products in multiproduct industries or companies. Finally, it would be imperative that pricing judgments be made cautiously because of the delicacy of economic relationships and the danger that decisions could impede economic growth or deal unfairly with groups.

Criteria for judgment on wage increases

There are several standards which could be used for judging the justification for wage increases. These are cost of living, comparable wage rates, ability to pay, productivity increases, maintenance of purchasing power, essentiality. The first four of these are the most commonly suggested standards for settlement of wage disputes.

Although the several standards appear on superficial view to be simple, the simplicity of each would disappear in application and the applicability of each would be argued, either in general or in specific instances.

As to problems of application, it may be noted that there are technical difficulties in determining the real cost of living, comparable

[17] Abba Lerner, "Employment, Growth, and Price Levels," hearings before the Joint Economic Committee, pt. 7, September 24, 1959, pp. 2265, 2266.