wage rates, ability to pay, and productivity increases. After discussion of these four standards one authority has concluded—

the range of possible wage rates which would follow from the various possible applications of each of the principles would generally be wider than normal variance between the parties in collective bargaining. The alternative meanings and measurements of each one of these standards are so diverse that the principle frequently can provide little help as an authoritative determination of wages.[18]

As to issues of applicability, brief comments may be made concerning each of the standards.

Cost of living

Wage increases could be regarded as reasonable if these merely compensated for an increase in the cost of living and considered unreasonable if they went beyond this point. The reasonableness of cost of living increases would generally be accepted, though some might argue that this would continue the spiral of wage-price or price-wage increases. The larger objection to the standard would be that it, by not allowing for productivity increases, fixed on labor a stationary real wage. Since no one would want to deny any possibility of further increases in the standard of living of labor groups, this standard could be useful only as one, but not as the sole, standard for judgment.

Comparable wage rates

Wage increases could be granted where the level of payment was below that for comparable work in other plants, companies, or industries, and denied where this was not true. Technical difficulties in applying this standard are peculiarly forbidding. In addition, it would be argued in instances that historical differences were justified and hence that denial of increases in upper-level wage scales was unreasonable. More significant, the comparable-wage-rate standard, like the cost-of-living standard, will, if applied negatively, fix a ceiling on the standard of living of laborers, except for improvements resulting from price decreases, and improvements of product quality. It, again like the cost of living standard, would be useful as a principle of affirmative judgment on wage increases, but of small utility as a principle of negative judgment.

Ability to pay

The great technical difficulty in application of this standard is that it requires determination of ability to pay, and thus leads into complexities similar to those in determining the reasonableness of price increases. Beyond this, the applicability of the standard to the determination of the reasonableness of wage increases is limited. It would distort the wage structure by granting to labor the benefits of superior efficiency or superior market power of particular concerns or industries. Such distortions would lead inevitably to movements for increases in other sectors of the economy. The preferable course of action, where income sufficiently large to justify a la-

[18] John T. Dunlop, "The Economics of Wage Dispute Settlement," Law and Contemporary Problems (spring, 1947), 293.