bor-sharing increment exists, might be to decrease prices. This, however, may not be voluntarily done and is not likely to be forced by government, even when the result of market power. At the same time, government would not in all probability resist wage increases which could be justified on the ability-to-pay basis, since these would require no price increases.

Productivity increases

According to this criteria wage increases could be considered as reasonable if there had been increases in productivity per man-hour of work. This would undoubtedly be the primary criterion for determination of the reasonableness of wage increases. The difficulty would be in determining or applying the appropriate measure of productivity increase. If the total gain from productivity increases in an industry of improving technology were taken by investors and labor in the industry, then the rest of society would obtain no gains from the increases, an imbalance would be created in the wage relationships among industries, pressure would be created on centers of market power in other industries to seek comparable gains, and the total effect would be an inflationary trend in prices. These results could be avoided if the average increase in productivity in the whole economy were used as the test. The average increase is a measure whichwould be accepted widely as the correct one. But in addition to difficulties of accurately estimating the average increase, there would be the problem of determining in particular instances whether the urgent demand for more than the average was justified by special factors.

Maintenance of purchasing power

The argument has sometimes been advanced that wage increases should be made to maintain or even to increase purchasing power. This argument, in a sense, overlaps other criteria, for cost-of-living and productivity increases in wages have the effect of maintaining purchasing power. To the extent that the argument urges more than these amounts, it would be weak in periods of full employment and of demand sufficient to create inflation, and would assume that wage increases rather than price decreases was the remedy in periods of falling employment or decreasing demand. Yet the absence of effective pressures for price reductions would lead to argument for wage increases to maintain purchasing power and thus this standard of judgment would be suggested for public consideration.

Essentiality

In World War II one test that evolved for public wage determinations was the necessity of drawing more labor to an essential enterprise. This too would probably be sometimes suggested as a standard for judgment in administration of a new system of public consideration of wage increases.

Conclusion

The foregoing discussion highlights some of the complexities of public price and wage consideration, though full appreciation of the extent of these complexities is difficult to grasp without experience in the choice and application of standards. The history of wartime control of prices and wages showed ever-increasing complexity and variation in standards of judgment.