of cost and the need for not equating increased costs with productivity gains, but using productivity gains not only for wage increases, but for reduced prices, and possibly increased profits; in other words, for the division of increased gains in productivity rather than using it all up in increased costs and particularly wage costs.

Our competitive position is constantly under discussion nowadays, particularly as the Common Market is becoming more and more of an economic factor in trade, and this administration is greatly concerned about that as I think we all should be.

However, it seems to me that as I talk with business managers and people who control the question of expansion of our plants and the use of investment funds to expand plant and job making opportunities, there is sort of an underlying apprehension. It doesn't come out into the open very much because I think there is a certain fear in expressing themselves that no matter how they may try to control costs, they can't do it because of the very great preponderance of bargaining power that lies within the big labor unions.

We have seen lately this year a very substantial increase in the number of strikes over what we had last year. We have even seen some very bad strikes in defense industries and our missile plants. We had a very bad one recently in my State at the Electric Boat Works, which was not really an argument between management and labor, but an argument between unions there, which shut that plant down for a long period of time.

We have the Eastern Air Lines shutdown still because of a dispute between the unions, and some smaller union of 550 members has been able to bring that thing to a halt and throw 18,000 people directly out of work and greatly interfere with the travel incident to our trade and commerce in the eastern part of the country. We now see that we are threatened with a big railroad strike and so on.

It seems to me that this is one of the underlying causes of uneasiness and apprehension and hesitation, and I should like you, Dr. Keyserling, to give your views on that situation.

Mr. KEYSERLING. Let me try to. I think that some of the points that I would make are embodied more fully in my charted statistical analyses, which I ran over very quickly. Let me try to clarify at least what my position is in this way: First, you made the point that increases in productivity should be taken partly in wage increases and partly in price decreases.

Senator BUSH. At increased profits.

Mr. KEYSERLING. This I assent to. I think it is desirable. I haven't found many great corporations that are pioneers in this effort, but I agree with you on that.

Second, you come to the even more basic question that, in a free society, which we both believe in, nationally organized business and organized labor will contend with each other for the share that they get of the gross income, and it is only natural that labor unions should want to increase the labor share and that corporations should want to increase the profit share, which is income after costs, including wage costs.

The basic economic question, as you so well stated, is, What is a workable division from the viewpoint of the operations of the economy? I mean there is no such thing as a fair profit or a fair wage in an absolute sense.