

Mr. ADAMS. Senator, that has always been true, of course, in those American industries which had a high labor component. But we have traditionally been strong in the export markets, precisely in the mass production industries where the labor factor, where the importance of the labor factor, was a minimum element in the cost structure.

What is the labor factor in chemicals or in petroleum, or even in automobiles or in steel?

I think this is a vastly exaggerated issue, and I am not making any brief here for wage increases beyond productivity increases or anything of that sort.

I am not trying to defend the wage-price spiral in any way. All I am saying is that as a matter of national policy our objective in the concentrated industries ought to be to get the kind of structural organization that will allow the Henry Ford philosophy, the Henry Ford I philosophy, to become operative.

This will be good not only for the country; it will be good for the corporations themselves.

Senator BUSH. What do we have to do to do that, Mr. Adams? I mean, how do we get that structural position that you think is so needed then?

Mr. ADAMS. All right.

Senator BUSH. I think you are right, too. I am not arguing this with you, but only to develop this point.

I think we are facing a very serious situation here, and I am not saying that you gentlemen—some of you have said you think General Motors is too big. I think that is a question we have got to look at very seriously. But where do we go now to implement your thought? How do we correct this structure?

You have made a case—some of you have made the same case, really, that because of the structure they are able to set what you call a profit target or something of that kind, and that everything revolves around that.

Mr. ADAMS. Precisely.

Senator BUSH. What do we do? Is there anything that Congress should do?

Is there anything that the executive branch should do to meet this situation?

What is it?

Do you recommend antitrust legislation in addition to what we have? Two of you, at least, mentioned—Mr. Kahn did, and I think yourself, also; it may have been our friend, Mr. Lanzillotti—mentioned the enormous economic and somewhat monopolistic power of the labor unions. This was touched on in two or three things.

The thing I would like to develop this afternoon, with the tolerance of my good friend over here, is what do we do, what is your recommendation?

You pointed out what you think are the flaws in our situation and made a very plausible case, if not entirely convincing, but still I am impressed with it.

What do we do? What kind of legislation or what kind of executive action do you think should be taken on behalf of our Government?

It is a big subject and I know it is pretty hard to condense.