I believe that what we need to do at the collective bargaining table is to bring in some fundamental new concepts. We ought to work it out so that a wage earner would get his basic wage as the first part of his equity. We would say to that wage earner, "That is all we can give you now" and that basic wage ought to reflect along with other relevant factors, the general level of increase in productivity, because that we can measure in advance.

But also say to him:

If we have a good year, and if the economic pie that our joint effort makes possible is large, then you will get a second, supplementary increment of your equity based upon your right to share in the profits of the company.

Now this is not a revolutionary idea that we dreamed up. This is exactly how GM has done it for their executives all these years. They get their basic salary. That is the first increment of their equity. And at the end of the year, when the profit pie is baked, they get a very healthy slice of that profit pie in bonuses, and in most cases bonuses for the top executives are bigger than their salaries. And so what we say is that that makes a lot of sense for corporation executives because they get then their full equity after the facts and not before the facts.

The same ought to apply to wage earners. It applies to stockholders. They get their basic dividend and they get a special dividend based upon the size of the pie. We believe that it is this kind of idea that we have got to begin to introduce into the collective bargaining process to make it more rational, so that these decisions can be more publicly responsible because they reflect economic facts after the facts become available and are not essentially the result of the play of economic power.

Chairman Proxmire. Thank you very, very much, Mr. Reuther, for a forceful, vigorous, and extremely interesting statement. I would like to ask you this. Our overall program calls, as I understand it, for no tax increase, although the Congress might see fit in your view to give the President some discretion in this area. You didn't mention any reduction in spending, although presumably you have not advocated that, as I understand it, in your statement.

You favor an easier money policy than we have had in the past, and you would favor as far as wages are concerned, as I see it, increased pay for productivity plus a cost-of-living escalator. In other words, an income policy. And in addition to this, you would compensate workers in those areas where profits are high with some profit sharing.

Now in order to hold down inflation you would rely primarily upon wage boards who work in the administered price industries. My reaction to this is that I am still very much concerned about the possibility of inflation for these reasons: (1) The increase in prices has not primarily been in the administered price industries in the last 3 or 4 years. Steel prices didn't go up very much. Automobile prices went up some but certainly not as much as many other prices did. The prices in these other nonadministered areas would be subject to the kind of fiscal and monetary inflation we might suffer under these circumstances. I would feel we might get an unbalanced situation