13. Standards for recommendations

In framing its recommendations, the Board would be required to apply standards carefully devised to assure both equity to all parties concerned and reasonable stability of the over-all price level. The President's Advisory Committee on Labor-Management Policy might be called upon to develop and propose the standards to be included in the legislation initially. The standards should be subject to review at regular and frequent intervals by the appropriate Congressional Committees with a view to making such amendments as experience may show to be necessary.

14. Penalties

Penalties should be provided for failure to give the required notice of a proposed price increase, for failure to respond to subpoenas, for taking reprisals against any person who testifies, and for perjury. The penalties should be severe enough (particularly in the case of failure to give notice) to deter violations. In the event of failure to respond promptly to subpoenas or to requests for production of books, records, etc., or if the corporation is found to be engaging in other dilatory tactics, the Board should be empowered to extend the period during which no change in prices would be permitted.

15. No price or wage control

Regardless of any finding or recommendation that the Board may make, upon expiration of the notice period (or any extension of it), the corporation would be free to determine its own prices (to the extent specified in its original notice or to any lesser extent), and the union would be free to pursue its demands. The only restraint on the corporation and the union would be the restraint of enlightened public opinion.

This procedure, of course, would not rule out the possibility of Presidential intervention in a case where a corporation insisted on imposing a price increase which the hearings had shown to be clearly unjustifiable. In that case, the President would then be in the position of having a fully informed public opinion from which to mobilize support.

In the great majority of cases, however, it can be anticipated that no company would be prepared to face the unfavorable publicity bound to rise from such an action. In most cases a price increase would not even be proposed, when the company knew a public hearing was likely to result, unless it was sure that the economic facts did justify an increase.

Mr. REUTHER. Now we think that that is a very meaningful step, because, in a free society, what is the pressure that can persuade people to make their private decisions more responsible to the public need? The only pressure is government pressure, which is coercion, which is compulsion, and we are trying to avoid that. The fundamental distinction between a totalitarian society and a free society, is that in the former the government makes all the decisions, and then dictates to its citizens, and we want to have the broadest area in which private decisions can function freely.

We believe that public opinion can be an effective disciplinary force under these circumstances. This is an attempt to bring that to bear upon pricing and wage policies. We think that would be very important.

We also believe that there are monetary and fiscal policies on a selective basis that ought to be carried out. If the Government does these various things, we believe that while there will always be, perhaps inescapably some slight edging up in terms of the price structure, we can maintain price movements within manageable bounds, and we can meet the problems within that framework.

Chairman PROXMIRE. Congressman Rumsfeld?

Representative RUMSFELD. Mr. Reuther, you made the statement that aggregate demand and improved job training must go together, if we are going to solve the problems of unemployment. In your pre-