corporations. Under these contracts, increases in the cost-of-living allowance during each of the last 5 years have been as follows:

Year:	Cents per hour
1962	3
1963	3
1964	3
1965	4
1966	11

It is important to keep in mind that the above adjustments in the cost-of-living allowance (a) came in response to *prior* increases in the price level, and (b) did not increase the buying power of the workers' wages but merely helped to protect their families' living standards against erosion by higher prices.

Question. In connection with wage-price guidelines, should there not be some account given in wage increase patterns between plants having different increases in productivity? For example, if Plant A has increased productivity of 1% in a given year, should the workers be given an increase of 3%?

Answer. Since advances in productivity are socially generated, all members of society should share equitably in their fruits. Moreover, to relate wage increases directly to the rate of productivity advance in individual industries would have highly undesirable consequences. It would tend to make second-class citizens, suffering relatively depressed living standards, of those workers unfortunate enough to be employed in industries whose productivity increased slowly. It would also distort the national wage structure in an economically unworkable direction by confining skilled workers in slowly advancing industries to wages lower than those paid to unskilled workers in industries whose productivity rises rapidly. In general, the basic philosophical approach of the guideposts to this problem is sound. Under that philosophy, price increases required in slowly advancing industries to pay for wage increases related to national productivity gains should be offset by price decreases in industries with above-average productivity progress, thus preserving the stability of the general price level. In practice, the price decreases have not been forthcoming. Corporations with rapid productivity increases have tended instead to monopolize the resultant gains for the exclusive benefit of their stockholders and managers rather than to share them with consumers in price reductions. That failure to pass on cost savings in lower prices generates excessive profits. Workers employed by such corporations will inevitably insist on wage and fringe benefit gains commensurate with the profits. After all, as the Council has noted:

". . . there is no justification, on either economic or equity grounds, for distributing above-average gains in productivity exclusively through the profits channel."

Question. I have long favored a stepped-up program of federally assisted trade and technical schools to give underprivileged young people a skill with a future. Would you comment on this proposal?

Answer. The UAW has been an active supported of legislative and private programs aimed at providing the disadvantaged with skills that would enable them to compete more effectively in the labor market. We initiated and are operating a number of training programs with government financial assistance. Among them are on-the-job training programs and a program to enable members of minority groups to meet the requirements for entrance into formal appenticeship in the skilled trades. In addition, we have pressed and continue to press the corporations with which we bargain to improve their training programs.

QUESTIONS BY SENATOR PROXMIRE

Question. In your statement you criticized the guidelines as inadequate and unfair and you recommend instead an incomes policy, pointing out that all European countries have moved to that approach. However, isn't it true that Britain, when faced with emergency conditions, reverted again to wage limitations. Isn't this indicative of weakness in incomes policy when the chips are down?