ceived a total of $309,000 in dividends on these shares. This would be nearly three times as much as the wages of a fully-employed Ford worker, totaling $106,000 during the 18-year period. In addition, the investor would have benefitted from a $475,000 increase in the "book" value of his share holdings. (Book value is used in this case because there was no market for Ford stock in 1949.) In all, the investor's gain would have been $784,000, an amount nearly seven and one-half times as great as the worker's earnings. Inclusion of the value of the hypothetical worker's fringe benefits, which would be difficult to calculate precisely, would change the figures somewhat but not nearly enough to affect the validity of the point involved.

In recognition of the practical facts of modern economic life illustrated by the above examples, increasing attention is being paid in Western Europe, in connection with incomes policy, to the development of some method that would permit workers to participate equitably in the profits and the growing net worth of the corporations that employ them. (It is generally agreed that the theoreticle alternative—a return to effective price competition and to reliance upon the capital market for investment funds—is not a realistic possibility.)

A recent publication of the ILO posed the issue as follows:

"* * * precisely in periods of high employment, when the pressures for trade union moderation are strongest, profits are at their highest and may indeed increase further by restraint on the unions' part.

"As noted above these high profits are, of course, used to a large extent for investment and thus contribute to a faster rise in average living standards. But this is not an adequate answer, because *the process of reinvesting undistributed profits entails an increase in private wealth on the part of business owners and managers* (*but not of workers*) which in several countries has been very fast indeed during the post-war period. In so far as the justification for wage restraint and high profits lies in the need for providing investable resources, *it should be possible to achieve this result without the ownership of all the new capital accruing to shareholders, managers and directors*." [emphasis added]

After discussing various profit-sharing proposals and problems connected with them, the ILO publication went on to say:

"On the other hand, distribution of profits among both sides of industry would appear less inequitable than their appropriation by one side alone. The existing distribution of income is by no means self-evidently just, and it would seem doubtful that any lasting system of wage policy could be acceptable to the trade union movement if it did not come to grips—whether through collective profit sharing or otherwise—with the grosser existing inequalities."

Profit sharing, in cash, or partly or wholly in the form of investment certificates or shares of stock to be issued to workers, is now beginning to be discussed in the United States as a noninflationary means of responding to the upward pull on wages exerted by inflated profits. Only a few days ago, an eminent American economist, Professor Neil Chamberlain of Yale University, was reported as saying:

"If we seek to hold wage increases to something in the vicinity of the national average increase in productivity, and if we are realistic enough to expect that the most we can expect from business on the price front is no price increases, but not actual price decreases, then we have a sure-fire recipe for above-average profits in those companies where there has been above-average productivity improvement. We can scarcely expect a successful hold-the-line policy on wages in such instances, *and some form of profit share or investment share or savings share may make good sense*." [emphasis added]

If workers had definite assurance of equitable shares in the profits of the corporations that employ them, they would see less need to seek an equitable balance between their gains and soaring profits through augmented increases in basic wage rates. This would be a desirable result from the standpoint of stabilization policy because profit sharing does not increase costs. Since profits are a residual, after all costs have been met, and since their size is not determinable until after customers have paid the prices charged for the firm's products, profit sharing as such cannot be said to have any inflationary impact upon costs and prices.

Democratization of ownership

Profit sharing in the form of stock distributions to workers would help to democratize the ownership of America's vast corporate wealth which is today appallingly undemocratic and unhealthy. The Federal Reserve Board recently published data from which it is possible to estimate the degree of concentration in the ownership of publicly traded stock held by individuals and families as of