may be able to obtain gains that will impose heavy costs on the firm if the market for its products slackens. Conversely, a contract negotiated at the trough of a recession may saddle the workers for three years with wage and fringe benefit gains far smaller than those the company will actually be able to afford, and should in justice and reason provide, as recovery brings expanded volume, reduced unit costs, and greatly increased profits. Efforts of both sides to maximize long-term gains on the basis of purely temporary factors do not make either for healthy relations between the parties or for economically sound results.

Although not discussing profit sharing, Mr. Henry Ford, in a recent speech, put his finger on the heart of the problem which it would help to solve. He noted that present union contracts in the automobile industry will expire this year and that negotiations will take place in an atmosphere of declining sales accompanied by management expectations of increases in nonlabor costs. He went on to say:

"Management must necessarily focus mainly upon what is likely to happen during the next contract period, rather than the past.

"On the other hand, employee expectations have been formed—so far, at least—in an atmosphere of strong sales, rising employment to the point of labor market shortages, and rising living costs."

Profit sharing would resolve the conflict between management apprehensions and worker expectations on the basis of the solid economic facts as they materialize rather than on the basis of speculation as to what the future might hold. The actual size of the pie, rather than guesses about what its size will turn out to be, would determine how big the slices are that go respectively to stockholders, managers and workers (and, if a rebate feature is included, to consumers). All groups would be assured that none would be unfairly advantaged or disadvantaged for years to come merely because of the purely accidental fact that the economic climate at the time of negotiations happened to favor one or the other.

Price-Wage Review Board

The Price-Wage Review Board mechanism which the UAW has advocated for many years would be a useful instrument for the implementation of an equitable incomes policy. But its creation need not and should not wait upon the formulation of an incomes policy. There is a great deal of work for such a Board to do right now—as anyone knows who reads newspaper reports of price increases being put into effect by corporations already making record-breaking profits.

Two alternative methods could be considered for bringing such a mechanism into operation—legislation or executive action similar to that which brought about the cooperation of designated corporations in the so-called "voluntary controls" program for capital exports.

Legislative approach

Under the legislative approach, any corporation holding a dominant position which could be expected to give it price leadership in a key industry—for example, controlling 25 percent or more of the industry's sales—would have to give at least 60 days' notice to the Price-Wage Review Board of any intended price increase. The Board would have authority to call the company before it for a public hearing.

At such a hearing the Board would have the power to subpoena witnesses, company books and other pertinent documents and examine witnesses under oath so as to obtain all the pertinent facts, and following the hearing to publish its findings and recommendations and the facts supporting such recommendations.

The recommendations would be based upon a set of standards carefully designed to assure both equity to all affected parties and reasonable stability of the general price level.

The Board's recommendations would not take the form of binding determinations, however, and once the Board's report was published, the corporation would be free to act as it saw fit. But if the public were informed with facts and figures which made it clear that the price increase was not justified, it is highly doubtful that the corporation would attempt to effectuate such a price increase in the face of enlightened public opinion, which in a free society must more and more be mobilized to discipline voluntary decisions and make them publicly responsible. Indeed, just the knowledge that such an investigation