

was probable would deter most large corporations from even proposing price increases unless they could in fact be justified.

The number of corporations that would be subject to such hearings procedures is relatively small, probably less than 100, for it would need to apply only to the one dominant company—the “price leader”—in each major administered price industry. If that company were restrained from raising its prices, the smaller ones would have to follow suit.

Office of Consumer Counsel

It has been suggested, as an argument against similar proposals, that under such a system corporations would never reduce a price because of the difficulties in the way of restoring the price cut if that should become necessary. And, in any case, a procedure that could be triggered only by a threatened price increase would fail to meet the problem posed by industries with above-average productivity gains which refuse to grant the price cuts they could well afford.

Both of these objections are met by the UAW proposal which calls for establishment also of an Office of Consumer Counsel. The Consumer Counsel would have two main functions. He would represent the interest of consumers in all hearings before the Price-Wage Review Board. And he would be authorized to initiate hearings when he had reason to believe that prices of any corporation subject to the procedure were already too high.

Unions also subject

Unions would also be subject to the hearings procedure when appropriate. Whenever a corporation subject to the procedure claimed that it would have to raise prices if it gave in to union demands, it could so notify the Board, and both the union and the corporation would then be summoned to a hearing and required to produce the relevant facts.

Account would have to be taken, of course, of circumstances which justify a wage increase even if it does require a price increase. If this were the situation in a given industry, the hearing would reveal it. But if the union's demands were not justified, that would be revealed. If, on the other hand, the company could well afford to grant them without raising prices, that fact would be made apparent. As in the case of a hearing involving a corporation alone, the Board would publish a report containing its findings and recommendations and the supporting facts. Both sides would then go back to the bargaining table free to act as they saw fit, but with the knowledge that the public had the facts, and was equipped to pass an informed judgment on the result of their negotiations. The union and the corporation alike would be subject to the same discipline—the need to accept full public responsibility for private, voluntary decisions which affect the public interest.

Voluntary approach

Under the voluntary approach, the President would designate existing agencies to perform the roles of Review Board and Consumer Counsel, respectively. Their functions would be the same as under the legislative approach except that they would lack subpoena power.

A list of perhaps a hundred corporations holding positions of price leadership in key industries would be drawn up, and they would be asked to notify the Board of any intention to raise prices. In this connection, it should be noted that the Council of Economic Advisers reports that some large companies have already agreed to give the Council advance notice of their intention to change prices. Or if the Consumer Council presented to the Board sufficient evidence to suggest that an existing price was too high, the corporation affected would be asked to appear at a hearing. If the demands of a union were involved in either case, the union would also be requested to appear. The hearings and report procedures would be the same as those outlined above.

One problem would have to be faced under the volunteer procedure. As previously noted, the Council of Economic Advisers implies in its Report that in the system of private meetings with companies which it has been using, it has experienced some difficulty in getting all the information it needs for evaluation of price decisions.

The difficulties of obtaining adequate information from reluctant and uncooperative witnesses under a voluntary system are obvious. However, the government has succeeded in obtaining pertinent data under the capital exports “voluntary controls” program, and we believe that an Administration which acted with sufficient determination could be equally successful in the area of