Under these circumstances, very little is to be gained by asking management to adopt a policy of profit minimization, or by scolding it even for trying to maximize profits. Similarly, labor should not be scolded for trying to improve its position.

The point I wish to make is that the issues raised by the guideposts, or any wage-price policy, are the kind that are resolved in our democracy only by an accommodation of conflicting claims which all concerned find tolerable. To reach such an accommodation, labor and management must be given the opportunity to partcipate in the formulation of a wage-price policy. Furthermore, since any bargain that these groups may strike will affect the life of the ordinary citizen more than much legislation passed by the Congress, Congress must be the final arbiter.

Accordingly, I urge this committee to institute hearings immediately to determine what our wage-price policy should be in the period ahead. Representatives of labor, management, the public and, of course, the administration, should be heard. This committee should then write a report which would enable the appropriate legislative committees of Congress, if they approved it, to draft a bill setting forth the components of an overall wage-price policy.

It has been objected that it is unwise to legislate a wage-price policy, because that will give it "legal status and a flavor of compulsion," and destroy its voluntary character. But if it is agreed that representatives of labor, management, and the public should participate in formulating the wage-price policy, some way must be provided for settling controversies that may airse. Only the President or Congress can do so. I think Congress should do so, but that it should act in a manner that will require it to run the gauntlet of a possible Presidential veto.

Furthermore, I do not see why congressional formulation of a wage-price policy by itself will destroy the voluntary nature of labor-management compliance with the policy. No overall wage-price policy formulated by the President or Congress can be expected to set forth clear guides to action in every case. The more general and more flexible the statement of such a policy, the more difficult it will be to apply it to any particular industry or firm and, therefore, the more difficult it will be to judge whether a particular wage or price decision is in accord with the policy. To tailor the overall wage-price policy adopted by Congress to the circumstances and needs of particular industries and firms is an administrative task. In my opinion, this function should not be assumed by Congress, the Joint Economic Committee, or the Council of Economic Advisers. It should be given to an administrative agency. However, a tripartite committee, representing labor, management, and the consuming public, should be appointed by the President for each industry, to advise the agency in the formulation of a specific wage-price policy for that industry. It is important that such advisory committees be set up as quickly as possible in those industries in which wage agreements will be newly negotiated in 1967.

In addition, the agency should be required to hold public hearings on the wage-price policies proposed for particular industries and to issue written statements justifying the policies adopted for each industry. In time, this agency should have valuable advice to offer to all concerned with the formulation of the overall wage-price policy, which should be under constant review by the Congress.