

If there is to be voluntary compliance with the wage-price policies thus formulated for an industry, and if the force of public opinion is to be brought to bear to help secure compliance, then labor, management, and the public must be able to know whether a particular wage or price decision accords with the policies laid down. The administration of the guidepost policy to date has not assured the availability of such knowledge. Indeed, the Council of Economic Advisers admits that when it meets privately with producers about price increase, "it ordinarily does not have the detailed information which would permit a clear judgment as to the appropriateness of the proposed price change on either the basis of the guidepost standards or other relevant considerations."

To determine whether a particular wage or price decision accords with the stabilization policies laid down is a task that must be performed by an impartial, respected public body. It requires a judicious approach which should include a full and fair hearing for the interested parties and for public representatives.

I do not think that the Council of Economic Advisers should be asked to perform this function of hearing and judging. Nor, with all due respect, do I think that this excellent committee is the appropriate body to do the job. This task is likely to be accomplished more expertly and fairly outside the Halls of Congress. I would recommend, therefore, that it be given to the agency charged with formulating the industrywide policies. This agency will thereby gain experience with particular situations which will help it in formulating these policies. In turn, its experience in elaborating these policies will help it to judge specific cases.

Furthermore, because it is always difficult to secure the rescission of action that has been taken, Congress should require labor and management to give this agency advance notice of any proposed wage or price increase. The agency should then be relied upon to institute hearings in those cases in which it thinks that a proposed wage or price increase may threaten national economic stability. After hearing, the agency should be required to publish its findings and recommendations in the case.

It is also very important to authorize the agency to initiate hearing in those cases in which it thinks price decreases are called for by the stabilization policies, and the failure to make the decreases threatens national economic stability. The Government's past interventions to secure compliance with the guideposts have raised serious questions of propriety. Too often they have become public tests of strength between the President of the United States and the executives of a great industry or a great labor union.

"In any such confrontation with the President," Alcoa's President Harper has said, "there can and should be only one outcome." But precisely here is the difficulty. In such a test of strength, the President must not lose. But this necessity itself creates the danger that the outcome may be arbitrary.

Furthermore, whenever, in order to have his way, the President must resort to means other than persuasion—such as selling stock-piled materials, awarding contracts to producers who have not raised their prices, instituting tax or antitrust investigations—he will subject himself, inevitably, to criticism for allegedly abusing his authority.