induced American Motors to take this action would continue to operate even if my proposals were adopted.

Chairman PROXMIRE. It seems to me you are kind of institutionalizing this more, and making it more formal, and because you establish this kind of pattern, with a natural tendency for management to push for higher prices, and labor to push for higher wages, and the feeling that this is where you get your ultimate wage determination, where you get your ultimate price determination, I would be somewhat concerned about that possibility.

Let me ask you—is there any similarity between your proposal and the experience they have had in Britain, in their attempts to stabilize wages and prices? Do we gain anything from the results of their experience?

Mr. AUERBACH. You mean the current experience?

Chairman PROXMIRE. Yes.

Mr. AUERBACH. Well, the current experience is with a prices and incomes freeze—or standstill, as the British call it.

Chairman PROXMIRE. Yes; but the current experience some critics say has been the product of the failure of the boards that may be somewhat similar at least in objective to what you have recommended here. to achieve stability. What is your reaction to that?

Mr. AUERBACH. I think that it is true that the British National Board for Prices and Incomes may be similar to the stabilization agency that I have proposed. I don't believe, however, that the situations faced by the two countries are essentially the same, because the problems in Britain are longstanding problems of slow economic growth.

Chairman PROXMIRE. I understand that the recent decision by Britain was very probably independent of any wage-price problem. It was dependent on their international payments situation.

Mr. AUERBACH. Principally so, though the wage-price picture is part of the larger problem.

Chairman PROXMIRE. But what I am getting at is whether or not the experience prior to this that the British have had over a period of years would suggest this proposal will or will not work.

Mr. AUERBACH. I think that, on the whole, the prices and incomes policy that the Labor Party began to introduce when it came to power recently was different from the policy followed by its predecessor government. I don't think it can be said, definitively, that experience under this new policy was discouraging.

In fact, Prime Minister Wilson, if he holds to what he has told Parliament, intends to retain this policy after this period of freeze is over. His long-range plan is to return to the National Board for Prices and Incomes and require proponents of wage and price increases to justify their proposals before this Board.

We don't have enough experience, Mr. Chairman, to be confident that such boards are going to work effectively. All Western democratic countries face this problem of reconciling full employment and economic growth with price stability. It would not be accurate or helpful to say that any of them has succeeded in solving this problem, or that my proposals are certain to do the job. The verdict is not yet in.