

mentioned are usually 60 or 90 days. But I don't think that a precise figure is vital.

We need to accept or reject the principle underlying my proposal. If we don't accept the principle that people who exercise power should be held publicly accountable for the way they exercise that power, and ought to justify their actions before they take them, then we don't want any advance notice of these actions.

But if we accept this principle, then the problem of deciding how much advance notice is required to make it work will not be a problem on which reasonable people will differ very strongly. I think it would then be a minor problem.

Senator PERCY. Could you name the product, product lines or industries that you would feel would be major enough to have this impact?

Mr. AUERBACH. The industries may be defined in a number of ways. They have been defined in some of the bills by reference to the total value of their output. For example, advance notice may be required of any industry in which gross sales total \$200 million or more a year.

Other bills that I recall have tried to identify these industries in terms of the percentage of their total output accounted for by four or five firms in the industry, generally saying that any industry in which four or five firms account for 70 percent or more of the product must give the required advance notice. We are interested in advance notice only from firms in industries in which labor and management have a substantial measure of discretion in setting wages or prices and can take action that pervades the whole economy.

Senator PERCY. Would you say that an industry such as the meat-packing industry, which is a very large industry, would be exempt because of the nature of the product?

Mr. AUERBACH. No, sir. It is not the nature of the product that is crucial. It is crucial whether a few sellers in an industry have such control over the output that they have all of the characteristics of what the economists call oligopoly and can administer prices. In other words, do they exercise power over the market or not?

Senator PERCY. But, Professor, can you conceive that in an industry such as that, where prices change hourly from one bid to the next, that it is possible to give 60 or 90 days' notice on some sort of a price increase? I think this is theoretically and totally unrealistic as related to the marketplace, and I can name hard goods that are exactly the same way. In the radio industry, which is subject to tremendous competition from abroad, transistor radios prices change twice in a week in retail stores, by manufacturers responding to changes in market conditions, and yet that is a gigantic industry. Can you imagine the control for establishing reviews of price increases? It would be utter chaos.

Mr. AUERBACH. There are ways this problem could be handled. It really isn't as difficult as it sounds. For example, Senator, the public agency I propose could simply say that any industry may effectuate whatever changes it wishes in the relative prices of all the commodities it sells, without giving any advance notice, so long as the total effect of its actions is not to increase its gross revenues. After all, we are not really concerned about the relative prices of bacon and hamburger or of the various cuts of meat. We are concerned with overall