

my statement for not directing itself to the immediate problem. In fact, what we can do about the immediate problem is limited but, nevertheless, I will venture some suggestions.

It is clear that even if Congress should agree with the proposals I have made, and frankly I don't have any real hope that it will, nothing will happen for quite awhile, at least not before the spring negotiations begin. A wage-price spiral may get underway before any effective action can be taken.

It seems to me that the basic principle that I have tried to emphasize may nevertheless have immediate application; namely, the principle that labor and management should be held to public accountability for decisions they take that affect the public as a whole. Possibly, the public interest may be served if this committee were to turn to the administration and say "Don't give up so soon, we are now willing to participate and to help"; if a public review board were created, composed of administration representatives and representatives of this committee and the public; if their immediate steps were taken to get the representatives of labor and management who will be involved in negotiations in 1967 to appear before this public review board and justify the actions they propose to take.

Representative REUSS. What would you think as a goal for 1967 in terms of a guidepost? We don't have any now really.

Mr. AUERBACH. I think that the goal in 1967 ought to be overall price stability. I would envisage that the public review board would say to representatives of labor and management appearing before it:

What we want for 1967 is price stability. Tell us what can and ought to be done on the assumption that prices are not going to go up, that they are going to stay where they are for the remainder of 1967.

Representative REUSS. In other words, you would invite an industry which is faced with some sort of a wage demand to indicate what kind of a wage demand it thinks it can absorb.

Mr. AUERBACH. Yes, sir.

Representative REUSS. And what kind of a wage demand it asserts it would have to pass on in the form of higher prices.

Mr. AUERBACH. Yes, sir. I would hope that the public review board would call together the representatives of labor and management well in advance of the time the collective bargaining agreements are due to expire and ask them what they contemplate doing, what wage demands are going to be made, what kind of settlement will assure price stability this year, what price reductions will have to be made—so that no wage-price spiral gets underway.

Representative REUSS. In addition to your "hold the line on prices" policy, and the machinery you have suggested for implementing it, would you envisage the executive branch exercising more anti-inflationary effort than it is now doing, particularly on the supply side? Would you think it useful to have someone in the administration, whether it be an Esther Peterson representing the consumer or somebody, really look at all of these areas, including food prices and agricultural policy and services and all the difficult fields, to see what can be done either by increasing supply or holding down cost to keep both the Wholesale Price Index and the Consumers Price Index just as close to stability in this crucial year as possible?