

to meet the problem posed by high-productivity industries which refuse to grant the price cuts they could well afford.

Both of these objections can be met by the establishment also of an Office of Consumer Counsel. The Consumer Counsel would have two main functions. He would represent the interest of consumers in all hearings before the Price-Wage Review Board. And he would be authorized to initiate hearings when sufficient evidence was available to suggest that prices of any corporation subject to the procedure were already too high.

UNIONS ALSO COVERED

Unions would also be subject to the hearings procedure when appropriate. Whenever a corporation subject to the procedure claimed that it would have to raise prices if it gave in to union demands, it could so notify the Board, and both the union and the corporation would then be summoned to a hearing and required to produce the relevant facts.

The Council of Economic Advisers has pointed out in previous years that there are circumstances in which a wage increase is justified even if it does require a price increase. If this were the situation in a given industry, the hearing would reveal it. But if the union's demands were exorbitant, that would be revealed. If, on the other hand, the company could well afford to grant them without raising prices, that fact would be made apparent.

As in the case of a hearing involving a corporation alone, the Board would publish a report containing its findings and recommendations and the supporting facts. Both sides would then go back to the bargaining table free to act as they saw fit, but with the knowledge that the public had the facts, and was equipped to pass an informed judgment on the result of their negotiations. The union and the corporation alike would be subject to the same discipline—the need to accept full public responsibility for private, voluntary decisions which affect the public interest.

We believe that unions generally would welcome the opportunity, in a collective-bargaining situation, to have a public forum before which they could explain the economics of their demands. One of the difficulties perpetually faced by unions in such situations is not only the simplistic and misleading propaganda too frequently put forward by employers, but the fact that the greater part of the public have an extremely rudimentary and simplistic understanding of economic processes. The difference between hourly wage rates and unit labor costs, for example, is a closed book to most people, and the concept of financing wage increases out of the fruits of productivity advance has never entered the minds of many, so that the union in its public relations is faced at every turn with dogmatic attitudes such as that "every wage increase causes a price increase."

If both sides were free to state the issues as they see them in a public hearing, and if an impartial tribunal then issued its findings on the basis of the objective facts, we believe that the economic understanding of the public would be advanced and public confidence in the democratic process of collective bargaining would be strengthened.

A further advantage of this procedure is that it can restrain inflationary decisions without the necessity of any form of governmental