PRIVATE WAGE BARGAINS AND THE PUBLIC INTEREST**

1. IN THE UNITED STATES


The four articles in this symposium are by E. Wight Bakke, George H. Hildebrand, Walter E. Oberer, and Vernon H. Jensen. Both Bakke and Oberer discuss the need for new techniques in arriving at a consensus that is truly representative of the public interest. Oberer's article, however, is chiefly concerned with the development of “strategic price and wage controls . . . under the rule of law,” and he suggests a public forum in which economists would be required to join issue on matters of wage-price policy. Hildebrand discusses the new economic environment and its implications for the growth of output and employment and for organized labor, management, and the wage-price problem. The cure, he suggests, is a modernization of the tax structure. Jensen considers it injurious to bring government to the bargaining table and that the most government should do “is to set the conditions within which collective bargaining will be allowed to run its course without interference or assistance.”


Mr. Denise of Ford Motor Company discusses the economic pressures on collective bargaining today and also recent government proposals and policies affecting it. He warns that increased government intervention will reduce the effectiveness of collective bargaining as “the mechanism for resolving issues.” Mr. Larry of United States Steel presents a critique of the Council of Economic Advisers' 1962 guidelines. He points out the difficulties in putting the guidelines into practice, using the steel negotiations as an example, and urges that the need is for labor and management to learn how to cooperate in pursuit of a different kind of guideline for judging the desirability of future changes in employment costs,” namely, “Is it likely to contribute to an increase in employment?”

*Compiled by Hazel C. Benjamin, Librarian.

**Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

Discusses three chief policy approaches and reviews the highlights of postwar experience. On the basis of the latter, concludes that "the market power of unions and corporations cannot be regarded as a major independent factor in causing inflation . . ." However holds that government has the responsibility of keeping private groups which abuse their market power "aware of the public interest aspects of their actions" and suggests ways in which the government might tighten up its own policies to bring them more in line with the wage-price guidelines.


An argument against the necessity for, and feasibility of, a national wage policy. Instead, the author argues that "if we can control aggregate demand so that there is neither a strong pressure of excess demand nor a large nor persistent unemployment of labor and other resources, there is no need for an additional and independent policy on the rate of increase of wages."


After discussing possible interpretations of the 1962 wage-price guidelines and problems posed by them, Dr. Ross states what he believes to be the requirements for successful wage restraint. Although these lead to "no easy optimism" over the prospects for such restraint, he believes that the problem will have to be solved. His remarks were made in an address before the annual meeting of the Western Economic Association.


In his discussion of "the extent to which economic dilemmas arise because bargaining institutions and practices are not conducive to the solution of current economic problems," the author points out government guidelines on substantive collective bargaining issues have been adopted without previous consensus or commitment of the parties who have thus had "their responsibility . . . increased without any corresponding increase in their authority or participation." Also
the inability of government to secure “universal conformance opens up the possibility of widespread inequities . . .”


The pages cited contain the original statement of the much-discussed wage-price “guideposts.” Also of interest are the further elaborations of these policies which may be found on pages 84-88 of the 1963 Economic report and on pages 118-119 in the 1964 report.


States reasons for disagreeing with the contention that wage-price decisions consistent with the Council of Economic Advisers’ guideposts are the best answer to the wage-price push. Advocates, instead of public participation in wage-price decisions, the achievement of “a market balance among bargaining groups” which would “result in noninflationary wage and price decisions in response to market forces.”

2. IN WESTERN EUROPE


A summary of the work of this Commission which was created in 1962 to implement wage policy. Points out that the experience of the Commission may have future lessons for the United States. (See also The Economist [London], December 14, 1963, pp. 1137-1139, for a discussion of more recent wage decisions.)


Of special interest is Chapter V, “The role of wages,” which is concerned with the relation between negotiated wage increases and price increases. The majority conclusion, derived from study of experience in member countries 1953-1960, is that excessive wage increases have been a significant factor in the upward movement of prices and that a national wage policy is as important as are monetary and fiscal policies. The minority, however, express opposition to policies which lead to government involvement in individual wage bargains. Appendix 4 to the report, pages 281-489, gives background information on the process of wage determination in several of the member countries.

A statement of the criteria by which wage and salary increases should be judged, the basic government objective being "to keep the rate of increase of incomes within the long-term rate of growth of national production."


The first part of this article provides background information on the collective bargaining system in Sweden. The second is concerned with the effect of labor scarcity upon the postwar wage drift and the policies advocated by management and labor organizations for controlling this drift. In brief, both parties oppose "voluntary restraint" as ineffective and both believe that it is the responsibility of government "to create conditions in which aggregate money wage increases will not be excessive" through "vigorous anti-inflationary measures."


Although study of Western European experience with a variety of wage-price policies is helpful "in enlarging our perspective," the author concludes that "effective implementation of a national wage policy . . . is not feasible in this country" because traditions and institutions in the United States do not lend themselves to transplanting here any of these systems.


Describes the institutional machinery through which the Netherlands has achieved a highly centralized wage policy and the economic background for this policy. Of special interest is the discussion of the stages through which the national wage policy has developed.

*Also of interest is the 1961 report of the Swedish "Stabilization Inquiry," summary of which appeared in the *Monthly Labor Review*, February, 1962, pp. 121-122, under the title "Recommendation on Swedish wage policy."