

MR. RAINVILLE

PRODUCTIVITY WAGE INCREASE

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United States Senate

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COMMITTEE ON
RULES AND ADMINISTRATION

June .., 1952

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Dear ...:

In response to your communication urging immediate exploration of the WSB proposal to allow a productivity wage increase, I have discussed this matter with the Economic Stabilization Agency and also members of the Banking Committee of the House of Representatives, since the Defense Production Act, which contains the authority for this type of action is presently pending in the House in the form of a Resolution to extend the life of the Defense Production Act until June 30, 1953.

I am advised that the Wage Stabilization Board, including public, labor and industry members, as well as spokesmen from the outside have discussed this so-called productivity formula but no affirmative action has thus far been taken. It is entirely possible that a regulation might be issued at an early date announcing some new or modified formula under which a productivity increase might be made generally applicable to all industry.

I have advised the Economic Stabilization Agency of the wide interest which is manifest in this matter and the growing belief that such a proposal could become so inflationary as to be entirely at cross purposes with the general anti-inflationary function of the whole stabilization program. I have also alerted members of the House, since the Defense Production Act is pending, in case they might contemplate the submission of certain amendments while the bill is still under consideration on the House floor. Let me assure you that this will have good attention.

Sincerely,

Everett McKinley Dirksen