

Again they learned how to use two methods for limiting power: by restraint on its growth and exercise through antitrust laws, and by direct limitation on rates of charge through regulatory agencies.

The problem of concentrated private power has now been presented in new ways. Unfortunately, there appears to be no simple way of dealing with it in its present forms. The policy issues are extremely complicated and baffling, and it is probable that the responsible Government official will find only partial answers and that even these will be found in several complementary approaches. It will be helpful to refer briefly to the several lines of approach which are proposed as answers to the problem of inflation or of concentrated power to see how far they may provide an answer to inflationary concentrations of private power. There are, in general, five lines of approach suggested for public policy.

CORRECTIVE FORCES WITHIN THE ECONOMY

One line of approach suggested is that Government depend upon the corrective forces operating with the economy. Three types of argument are currently advanced in favor of this approach.

One argument is that society will be best protected by the conscience and restraint of those who possess market power. The argument has been set forth by A. A. Berle as the means of meeting the general problem of corporate power.⁴ In his exposition the argument is not for a completely let-alone policy by Government, for it is assumed that the conscience of man can be buttressed by legal standards of trusteeship developed in courts or in legislatures.

It is likely that courts and legislatures will indeed develop additional standards of trusteeship for organizations of capital and of labor; at the same time, it may be doubted whether legal standards of trusteeship, whatever they may accomplish in meeting other problems of private power, can define standards of restraint on wage requests and price changes which can be made effective primarily through the conscience of men. A recent study of "Pricing in Big Business" reports that corporate officials appear to be sensitive to public reaction to their policies and to feel a sense of public responsibility, and that many of the large corporations tried to hold the price line following the end of World War II;⁵ assertions of similar attitudes among labor leaders have also been made; but it may nevertheless be too much to expect that management and labor will be able consistently to view specific questions of wages and prices in terms of public interests rather than of the interests of the groups which they are under compulsion to represent.

Another argument is that of countervailing power, which is that private concentrations of power beget opposed concentrations.⁶ The argument is supported by the fact that concentrations of labor have arisen to meet concentrations of capital and that concentrations of buyers or sellers have often arisen to meet concentrations of the other. The conclusion is drawn that the public is protected by a new check and balance system, that between organizations; to the extent that the

⁴ A. A. Berle, Jr., "The 20th Century Capitalist Revolution" (New York, 1954).

⁵ A. D. H. Kaplan, Joel B. Dirlam, and Robert F. Lanzilotti, "Pricing in Big Business A Case Approach" (Washington, D.C., 1958).

⁶ John Kenneth Galbraith, "American Capitalism: The Concept of Countervailing Power" (New York, rev. ed., 1956).