

may "touch lightly, or even exempt," the markets where firms are large and prices are administered.⁷ To be effective in markets where there is concentrated market power, monetary and fiscal controls would probably have to be so drastic that they would create recession in the economy generally.⁸ It would be economically undesirable and politically infeasible to use monetary and fiscal controls on so drastic a scale.

There is increasing recognition, as stated at the first of this paper, that there are two broad elements in the problem of inflation. The demand-pull element may be met by general demand controls (monetary and fiscal measures) supplemented perhaps with selective demand controls (e.g., restrictions on installment buying or on inventory buildup). The cost-push element may require other types of controls especially adapted to the prevention or control of bridgehead situations which would have a major inflationary effect.

ANTITRUST

A third approach is maintenance or restoration of competition through antitrust.

A fuller realization of the potentials of antitrust could be one means of preventing inflation through exercise of market power. Alertness in detection and vigor in enforcement may narrow the range of collusive and coercive practices. Effectiveness in enforcement could be increased by granting the Department of Justice power to obtain information through civil investigation demands. Further barriers to concentration of power could be erected through legislation extending the antimerger provision of the Clayton Act to banks and by preventing mergers until these could be studied by a governmental agency. Adoption of some rather arbitrary legislative tests on legality of business conduct might simplify standards of enforcement and expand the role of antitrust. Selected industries of high concentration and chain-producing effects could be studied to see whether enlargement of competitive forces, either under existing or new laws, would be possible. Actions of a rather drastic type on the antitrust front could presumably prevent the development of situations which would lead to consideration later of much more drastic remedies, including price controls of some sort.

Nevertheless, the limitations of antitrust are of common knowledge. Periods of weak enforcement or of weakening judicial construction, limited funds for enforcement and prolonged litigation, loopholes such as those which have characterized section 7 of the Clayton Act, difficulties of unraveling tangled skeins of corporate relationship or of breaking apart a merged enterprise, judicial requirement of complete market analysis in place of acceptance of *per se* doctrines—these and other difficulties are known. More significant perhaps, the nature of the industrial problem has changed. Prevention of collusion and coercion, and of monopoly, does not mean that managerial leadership in high concentration situations cannot set the pattern of price and production in an industry. New adventures in antitrust along bold

⁷ See testimony of J. K. Galbraith, "Hearings Before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate," July 11, 1957, pp. 32-71.

⁸ See besides Galbraith, Gerhard Com, mimeographed paper: "Answers to Questions of Senate Committee on Finance," Apr. 15, 1958, and his testimony before a subcommittee of the Committee on Government Operations of the House, Amending the Employment Act of 1946, on July 22, 1958, and Apr. 9, 1959.