

There are, however, many Government policies which tend to establish a protective shield around market power. Among those which may have this effect are the following:

- (a) Protective tariffs and quotas.
- (b) Resale price maintenance laws.
- (c) Production controls for oil.
- (d) Patent grants.
- (e) Government—especially defense—purchasing and disposal policies.
- (f) Safeguards for rights of unionization and collective bargaining.
- (g) Protections against competition and rate reductions in regulated industries.

The listing of these measures underscores certain basic realities with respect to public policy affecting price levels. First, public policy encompasses many objectives which may conflict with that of preventing inflation, including such objectives as national security, conservation of resources, and support of the purchasing power of various groups. The public official will take account of varied economic and noneconomic objectives and make choices among policy objectives which are in conflict with each other. Second, delicate questions of balance between objectives may arise. Thus, some would argue that the most effective way to deal with the problem of market power would be to amend the basic labor-management relations statute so as to diminish the strength of organizations of labor; others would argue that this would unduly increase the market power of opposed concentrations and would endanger the maintenance of purchasing power necessary to maintain economic growth. As in the case of monetary and credit controls, alterations of the basic labor law which were drastic enough to prevent any inflationary exercises of market power might be so drastic as to weaken supports for sustained and increasing demand. Third, the political force of groups demanding price-prop or protective measures is often very great, and this political force may now often be supported by claims, as in the case of protective duties, that the national interest is involved.

It may be that developing consciousness of the potential impact of private market power on the economy will lead to more caution in creation of protective shields for private groups. On the other hand, it is apparent that the motivations which have led to the various public policies will not disappear and hence that there will be no general retreat from these policies. It may be expected that a government that is responsive through representative institutions will yield to many group demands which have the effect of sustaining or increasing price levels.

#### PUBLIC CONSIDERATION OF WAGE AND PRICE INCREASES

The inadequacies of internal corrective forces, the ineffectiveness of demand-limiting controls of monetary and fiscal types as restraints upon sellers' inflation, the imperfections of antitrust law and ineffectiveness of antitrust enforcement, and the unlikelihood of general retreat from price-prop and price-protective policies probably account for the recent suggestions for public consideration of wage and price