

In view of the many inherent difficulties it is not surprising that existing data for measuring concentration ratios are not entirely satisfactory. Nor is it surprising that there is much discussion and difference of opinion over means of preparing satisfactory ratios. These conclusions are possible nevertheless: (1) No concentration ratio will be accepted as satisfactory by all economists, or what is more significant, by all of industry; hence, attack would be made on any which were used; (2) a reasonably satisfactory concentration ratio, based upon the data available from the Census Bureau, could probably be established by an agency of administration; and, (3) improvement in the accuracy of the ratios could be expected over a period of time as a result of collaboration between the agency and the Census Bureau.

Another factor in market structure is size. Some would argue that absolute size, in contrast to proportion of the market controlled, bears no necessary relation to concentration, and thus, it is held, to market power. The argument is that one or a small number of quite small firms may represent great concentration and possess considerable market power in a market which is limited either geographically or in the extent of total demand or for other reasons. Conversely, it is argued that large firms may not have a large share of the market for their products. Yet two facts do indicate the importance of size. First, size may be a useful indicator of markets needing further, more detailed study. Second, size does increase the effects of market power, and hence the public interest in the exercise of market power may be greatest in the case of units of large size.

Certain conclusions about market structure figures (concentration ratios; size measurement) as criteria of inclusion can be briefly stated. There are three major limitations on their utility and adequacy. First, the number of decisions on prices and wages on which there would be a possibility of exercise of market power, as indicated by concentration ratios and size measures, would be so large that no centralized agency could possibly deal with all of them, except by the development of a control bureaucracy of a size which the Nation would not tolerate. Second, in addition to the fact that market structure figures are only imperfect measures of potential market power, they fail to reveal the extent of exercise of power. Third, they do not show the sectors of the economy in which the use of market power may produce the greatest inflationary effect. The value of market structure figures is that they are useful as preliminary indicators of markets needing further and deeper study. Additional study could be focused on the exercise of power or the potential inflationary effects, or both of these.

*Market behavior.*—It might be argued that inclusion of an industry, company, or product line in a scheme for public consideration of prices should be dependent upon evidence of the historical exercise of market power to exact a larger return than would have been possible under a competitive market. Evidence of exaction of an excess return might be sought in such factors as price inflexibility, profit levels, relative shifting among market leaders, entry and exit of firms, and degree of capacity utilization. But only on the first two of these is the definite statistical data of even medium reliability, and even on the first two there are statistical inadequacies. These might not be serious if the conclusions to be drawn from price inflexibility and a high profit level were uniformly dependable. But high profits are not always indicative of the exercise of market power; these may be the result