not be too vigorous or should not involve the crucial factor of price.

Analysis by economists for the Antitrust Division, observation by those in charge of the Antitrust Division, as well as the analysis of disinterested commentators, indicates, I believe, that price competition is at least as important and crucial as any other type of competition.

It has many influences and many ramifications. To avoid being permanently saddled with excess plant capacity, with persistent unemployment, and with budgetary deficits, we must maintain price competition.

Many key industries are of course dominated by a few firms, and in such industries idle capacity and unemployment tend to be aggravated by the administration or stickiness of prices. By this is meant the unresponsiveness of prices to normal economic influences.

Firms in such industries may prefer to reduce production rather than lower prices when demand lessens. Conversely, when demand rises, prices may move above the legitimate levels of increase justified by costs and increasing demand.

Because of the basic character of some of these industries, their price policies have a great impact on the economy as a whole. Competition in price we believe has proved its value time and again by enlarging consumer markets, providing more jobs, increasing quality and technical innovations, increasing output, and generally stimulating a growing economy.

We therefore have grave reason for concern if symptoms of abuse, disuse, or denial of price competition appear, or if the signs of weakening in the vigor of price competition begins to become evident.

It is basically price competition that functions as the impersonal disciplinarian of the market, forcing high-cost producers to improve technology, passing on to consumers the benefits of increased productivity and innovation, and acting as the catalyst of technological change and economic growth.

One of our greatest judges, Learned Hand, has said, in the *Aluminum* case, that:

> The antitrust laws are based on the premises that possession of unchallenged economic power deadens initiative, discourages thrift, and depresses energy; that immunity from competition is a narcotic and rivalry is a stimulant to industrial progress; that the spur of constant stress is necessary to counteract an inevitable disposition to let well enough alone. Competitors versed in the craft as no consumer can be will be quick to determine opportunities for saving and new shifts in production and be eager to profit by them.

It would be a mistake, however, to assume that the effects of competition are purely economic. It has other political and social benefits.

As the Supreme Court has recently declared in the Northern Pacific Co., decision, and I quote:

> The Sherman Act was designed to be a comprehensive charter of economic liberty, aimed at preserving free and unfettered competition as the rule of trade. It rests on the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality, and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic, political, and social institutions. Economic history in Europe since World War II has evidenced the same.