

flexibility that is essential for an enterprise economy to deal with real operative situations.

Our traditional theories of competition were developed long before these modern complexities had emerged. Edward Chamberlin's pioneer study of monopolistic competition took a long stride forward into the realities of today's commercial and industrial life. But the focus was on maximization of the profits of the business firm. There needs to be—and to some extent there has been—an enlargement or elevation of this type of theory to encompass maximization of the productivity and distributive dynamism of the whole economy. Public inquiries and private studies are now vigorously underway (notably those sponsored by the Joint Economic Committee and the Senate Subcommittee on Antitrust and Monopoly) to see if we can arrive at some actionable consensus as to what concentrations of economic power now permitted by law and administrative rulings are inimical to the intentions expressed in the Employment Act, and what steps we should take to validate those intentions. Never before has the practicing economist been vouchsafed so adequate and competent a body of analytical and empirical material for his professional synthesis. We should now be near a break-through on both the juristic and the educational front.

III

Both the analyses of economists and the attitudes of the business world and general public divide rather clearly into two broad schools of thought as to the market phase of our current national economic problem. On the one hand are the radicals or pessimists, who despair of getting really full employment and avoiding inflation without superseding the free market or substantially limiting the present scope of freedom in the product, labor, and money markets. They would resort to extensive price, wage, and interest rate controls. This defeatist position seems to me premature, though it follows not unnaturally on the heels of disenchantment with the oversimplified belief that the purposes of the Employment Act were to be achieved through the wonder drugs of fiscal and monetary policy alone. It reflects an impatience with the slow and difficult process of progressively improving our market institutions in the light of larger experience and changing conditions and of progressively improving the performance of private administrative agencies in those markets in the light of research and a broadening viewpoint. The proponents of price and wage controls look for quick and decisive results from resort to centralized decision making.

But such shortcuts lead seductively to a fully authoritarian system. Experience with OPA, OPS, AAA, and indeed even much of public utility regulation seems to me to furnish ample evidence of both the theoretical shortcomings and the administrative difficulties of government control in the market process. No comprehensive rule book of price setting can be devised in advance by even the most competent team of market experts and economic professionals. However well conceived are the prices initially set at strategic spots, they impose unforeseen disturbances on major and minor commercial relationships. These immediately clamor for compensating adjustments. Control of the price structure creates demand for control of the processes of production and distribution. (See the "rake's progress" of agricultural "adjustment" acts.) Hope that market controls can be rationalized under a few broad principles or limited to a few strategic points proves illusory, and the system rapidly bogs down in a morass of detailed regulations, exceptions, grievances, and evasions. As for a standby apparatus, it is sure to grow costly during periods of inaction and be found obsolete when need for action arises.

The milder proposal that intended new prices or rates be posted and then held in abeyance while the public scrutinizes their justification and impact nominally substitutes the intellectual approach for the power approach to economic adjustment. But those whose critical judgment would be competent in the appraisal of proposed action cannot in any real and important instances become adequately informed as to the complex factors involved. The mere form of the price or wage proposal and the conditions of compliance present insuperable practical difficulties. If the steel companies were to make such an advance declaration of intention, it would not be sufficient for them to state a single price on basic steel because there are many grades and types of steel and specifications as to "extras," fabrications, terms of sale and delivery, and the like. These could not all be set out in the price proposal, and whatever base price was finally set by the company in the light of public reaction could be