

should be scattered into many hands so that the fortunes of the people will not be dependent on the whim or caprice, the political prejudices, the emotional stability of a few self-appointed men." The fact that they are not rapacious robber barons, but respectable and social minded, is irrelevant. The fact that they are imbued with the "corporate soul"—a sense of social responsibility—may qualify them to decide what is good for General Motors; it does not entitle them to determine what is good for Detroit or for the United States. Such decisions, in a democratic economy, are the function of the competitive marketplace. And when a corporation or group of corporations become so big that they are immune from the regulation of competition—so big that they constitute what amounts to a private government—then those corporations are too big for their own good and certainly too big for society's good. They then become an instrument of private socialism which is incompatible with both free enterprise economics and political democracy.

Dr. ADAMS. Thank you.

It is reported that when Galileo made his telescope and discovered the satellites of Jupiter, his findings were disputed by the head professor of philosophy at the University of Padua, who said:

We know that there are seven planets and only seven, because there are seven openings in the human head to let in the light and air: two eyes, two ears, two nostrils, and a mouth. And the seven metals and various other examples also show that there have to be seven. Besides, the stars are invisible to the naked eye; therefore they do not influence human events; therefore, they are useless; therefore they do not exist. (*Quod erat demonstrandum.*) Quoted in Frank H. Knight, "Intelligence and Democratic Action," p. 57.)

The event occurred in 1610—long after man had supposedly emerged from the darkness of the Middle Ages to the light of the Renaissance.

That type of reasoning has not yet disappeared. It has survived in fields other than astronomy, in lands other than Italy, and times even more enlightened than the 17th century.

Today, for example, one can still find economists who argue as follows: (1) Monopoly power exists in theory but is rare in practice; (2) it cannot be measured with elegant precision; (3) being unmeasurable, it cannot possibly be widespread; (4) even if it were widespread, it would be held in check by interindustry competition, the corporate soul, the gales of creative destruction, countervailing power, congressional investigations, and Presidential admonition; and (5) in any event, there is no urgency for public action until further research has unearthed the "final answers."

Now, Mr. Chairman, I do not happen to take this rosy view of things. Conceding the fact that monopoly power is never absolute—that no system of price administration is ever foolproof—I submit that concentrated economic power is a fact of American life. It exists; it is pervasive; it is dangerous. It poses what I consider the No. 1 domestic problem of our time—the prevalence of private socialism in what we like to think of as a free enterprise economy.

Let me explain the different types of market power—conglomerate, vertical, and horizontal—by using the General Motors Corp. and the auto industry as an example. And I will confine myself to that industry and that company for purposes of illustration.

(1) Conglomerate power: This means that a firm's operations are so widely diversified that its survival no longer depends on success in any given product market or any given geographical area. Its absolute size, its sheer bigness, is so impressive that it can discipline or destroy its more specialized competitors.