Not only does General Motors possess this market control, but, as the Kefauver committee hearings showed, it has been amazingly successful since World War II in exercising such control and achieving its self-determined and predetermined target rate of profit.

That it was able to do so is partly due to the slavish pliability of its major rivals. The latter have simply not chosen to challenge GM's price leadership, and contented themselves to follow, within rather narrow limits, the lead of the industry's giant.

I will skip the illustrations. I think this committee is familiar with them.

(*b*) A second manifestation of horizontal power is in the field of product design. While the automobile industry in the days of Henry Ford I was an arena of price competition—with companies reaching out for "the other 95 percent of the market" by competitive price reductions, the rise of General Motors ushered in a diversion of the industry's competitive energies into nonprice rivalry.

Whereas Henry Ford told his customers that they could choose any color automobile as long as it was black, the industry, by 1960, was offering more than 300 different passenger models, and the manager of GM's Chevrolet Division boasted that his factories were turning out a custom-made car for almost every buyer.

Chevrolet, he said, offers the buyer so many combinations and permutations of body style, color, trim, and equipment options that (without counting accessories) Chevrolet could have produced its entire 1960 output of 1,850,000 passenger cars without making any 2 of them exactly alike.

Price cutting to tap new layers of domestic or foreign demand had become an anachronism, only to be replaced by advertising outlays, annual model changes, and the horsepower race. The automobile, no longer a mere vehicle for transportation, was made a complex and luxurious amalgam of superengines, tailfins, quadruple headlights, and a cornucopia of chrome. Inevitably, its cost of production and price increased steadily and alarmingly.

Again I will skip the documentation of this proposition.

(*c*) Now, a third manifestation of horizontal power—and, Mr. Chairman, if I may underscore this, I think it is terribly important—the export policy of these companies:

How should American automobile companies supply their oversea markets? Should they utilize and expand their domestic facilities, or rely on their foreign subsidiaries? Should General Motors supply its oversea market from Detroit, Flint, or Lansing, or from the Opel factory in Germany, the Vauxhall factory in Great Britain, or the Holden factory in Australia? Should Ford turn to River Rouge, or to Dagenham, England, and Cologne, Germany?

The choice that is made has an obvious impact on the volume of private investment at home, on employment, on purchasing power, on economic growth—and even on Government tax receipts.

Shortly after World War II, according to press reports, General Motors was contemplating the marketing of a new "small" car to be produced at a new plant built somewhere in the United States. This was the Holden, and its production facility was eventually located in Australia.