There are certain kinds of monopoly that are useful for economic growth. I think that the kind of protection that the patent system gives, which is a kind of monopoly protection, while I would not at all accept all of the aspects of our patent law—I think the law needs reform in certain respects—still this kind of monopoly is conducive to growth within certain limits.

I think also to have firms that are large enough and stable enough and have a long enough perspective to engage in long-term research is conducive to economic growth. So certain kinds of monopoly in certain situations within certain limits are conducive to growth.

On the other hand, it is equally true that monopoly power that results from collusion, from combination of businesses, from private or governmental restrictions imposed on competition—the market power that arises or is exerted precisely to ward off the effects on profits or on wages of technological progress itself, or of the entry of new lower cost supplies, can only be obstructive of economic progress.

And I would say that the same observations obviously apply also to unions that push up wages in the face of mounting unemployment or pose unreasonable obstacles to the introduction of technological improvements.

In my statement I next present the thesis that the avoidance of inflation, on the one hand, and reliable, economic growth without Government infusions of purchasing power, on the other, both require this one phenomenon that we have not adequately witnessed in our economy in the last few years: declining prices in those of our industries that have experienced the most rapid expanding productivity.

Now, my explanation of this is rather lengthy and complex, and I think perhaps it would burden our time, since we have other gentlemen waiting, to bring it forth here. But the point is a very simple one.

If prices do not decline even in those areas in which we have had above-average rises in productivity, we are going to face a mounting problem of technological unemployment. These industries are not going to generate the increased consumer purchasing power necessary to absorb those workers. These workers are going to be a drag on the market. They might be absorbed, conceivably, if wages fell elsewhere. But wages will not fall elsewhere.

So the only way you can absorb these technologically displaced workers, if prices will not fall in these areas, is by turning to some such external source of stimulation as Government spending.

And here, I think, is the crux of the relevance of market power to the question that is posed before us today: Does our private enterprise economy have within itself a sufficient capacity to account for economic growth without turning continuously and in increasing degree to Government for assistance?

Incidentally, I am not satisfied that because corporate profits have declined in relationship to sales and to national income in the 1950's—I am not satisfied that this proves that there is no problem of administered prices.

The price increases of 1955–58, as Professor Schultze pointed out, were in large measure attributable to the attempt of our highly concentrated industries to recoup their rising unit costs and to preserve