

The chairman unfortunately had to leave. He has asked me to take the chair.

Senator PROXMIRE. Dr. Lanzillotti, we will hear from you next. I understand you are head of the Department of Economics of Michigan State University.

STATEMENT OF DR. ROBERT F. LANZILLOTTI, PROFESSOR AND CHAIRMAN, DEPARTMENT OF ECONOMICS, MICHIGAN STATE UNIVERSITY

Dr. LANZILLOTTI. Yes, sir.

Senator PROXMIRE. We are very happy to have you with us. You may proceed.

Dr. LANZILLOTTI. I am very glad to be back here again, and to express my views on this particular subject.

As the other members of the panel have done, I would like to submit my statement for the record. I would like to summarize some of the important points that I have in here, and to underscore some of those statements.

Senator PROXMIRE. Without objection, your statement will be put in full in the record.

Dr. LANZILLOTTI. Thank you, Mr. Chairman.

(Statement referred to follows:)

STATEMENT BY DR. ROBERT F. LANZILLOTTI, PROFESSOR AND CHAIRMAN, DEPARTMENT OF ECONOMICS, MICHIGAN STATE UNIVERSITY

INDUSTRIAL CONCENTRATION AND THE OBJECTIVES OF THE FULL EMPLOYMENT ACT OF 1946

During the past few years, there has been an increasing degree of agreement that continued high concentration in manufacturing industry persistently aggravates and undermines the ability of monetary, fiscal, and tax policies to maintain full employment and stable prices in the American economy. While the question of whether concentration is increasing, and how fast, is not regarded as settled among economists in this field, the recent report of the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee should serve to reduce uncertainty on the issue. Between 1947 and 1958 the share of industrial output held by our 200 largest companies rose from 30 to 38 percent; this change cannot easily be explained away as a temporary aberration. Nor can the fact that large companies with employees of over 2,500 account for over 50 percent of industrial output and pay 47 percent of the total salaries and wages in manufacturing industry. Even if one questions the data as an accurate measure of a trend, at the very least the data provide persuasive evidence of the persistent high degree of concentration in the industrial economy.

Increasingly the hard core of the problem of industrial concentration, and its impact on the realization of the objectives of the Full Employment Act, is showing through and can no longer be dismissed as uncorrectable. Concentration of industrial output and its logical and inevitable accoutrements—discretionary pricing power, administered prices, administered production, and collusive behavior—are the visible and inescapable bones of the problem. Since technical jargon and overabundance of words oftentimes may obscure meaning on a problem such as this, it is my intention to be as brief and specific as possible in developing the foregoing propositions.

First of all, permit me to emphasize and underscore what I believe to constitute basic economic and political considerations governing any useful discussion of the problem currently before the committee; namely, the overriding importance in our goals of economic management of full employment and operation of existing plants at or near capacity utilization.

Businessmen and economists alike today recognize high output as a fundamental inducement to investment, whereas low output and idle, or unused, ca-