

Second, since sealed bids are called for opening at some future date, and for delivery at or during some future period, how then can sellers independently figure prices over periods of fluctuations in cost and demand conditions and persistently emerge with identical prices down to the nearest fraction of a penny?

Information theory, and good commonsense, suggest that data available to sellers and buyers on future market conditions are not that perfectly known to produce identical expectations all the way around. The probabilities of such identity due to chance alone is very low indeed.

It doesn't require sophisticated economic analysis to recognize that such cases of identical bidding are fairly conclusive evidence of some type of collusive arrangement that flows from highly concentrated markets. It is precisely the kind of rational behavior to expect under the circumstances. The fact that probative conspiratorial evidence, such as uncovered in the electrical cases, is not available, does not alter the finding of collusion in the economic sense, nor, indeed, should it in the legal sense.

In sum: restrictionist production, administered pricing, identical sealed bidding, and jointly acting sellers in highly concentrated markets, these are the cloth of which the monopoly problem is made. Only if we face the problem squarely can we put vigor into our antitrust program and restore viability to the marketplace.

Dr. LANZILLOTTI. During the past few years—and if I sense matters correctly here this morning, there has been an increasing degree of agreement that continued high concentration and all of the trappings of high concentration in manufacturing industry aggravates and undermines monetary policy, fiscal policy, and tax policies, in their efforts to maintain stability, to promote growth, and stable prices.

I think this would be a fair summary of the statements which we have had so far here this morning.

Now, we could argue endlessly this morning, I think, the question of whether economic concentration is growing or not. I propose that we do not get into any statistical arguments on that.

I do think, however, that the recent report of the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee discloses some rather sobering statistics. The 200 largest corporations, from 1947 to 1958, increased their share of U.S. markets from 30 to 38 percent.

I do not believe that this change can be easily explained away as a temporary aberration. Even if one questions the accuracy of these data as a measure of a trend in our economy, at the very least, the data provide very persuasive evidence, in my view, of a persistent high degree of concentration in certain sectors of our economy.

It is my view that the problem of concentration and its impact on the national objectives we have been talking about this morning, that is, growth and stability, is showing through. We cannot any longer consider this problem as uncontrollable.

Concentration of industrial output and the logical and inevitable accoutrements that you get with it—those that Professor Adams and Professor Kahn have alluded to—discretionary pricing power, administered prices, administered production, and collusive behavior—are part of the visible and inescapable bones of this problem.

I do not wish to get into a lot of technical jargon about this, nor an overabundance of words, because I think it may obscure the points I am attempting to make.

I would like, first, to underscore what I believe to be the basic and fundamental consideration, from the economic standpoint as well as the political standpoint, governing any useful discussion of this