problem—the overriding importance in our goals of economic management of full employment and the operation of existing plants at or near full capacity.

I think that businessmen, like economists, recognize today that high output is a fundamental inducement to investment, and low output or idle and unused capacity dampens that incentive to invest.

One of the painful lessons we learn over the past decade, and the one which was mentioned in the discussion here earlier this morning, is that a national economic policy designed to promote stabilization of prices by relying directly or indirectly on deliberately continued unemployment has little chance of permanent success.

More important, for the purposes of the subject before the panel and the committee this morning, it has meant a reduction in the rate of economic growth and expansion in the U.S. economy.

The lack of wisdom in such a policy has been thoroughly exposed by the activities of this committee; and, if I sense matters correctly, your hearings and reports also have contributed to a wider general understanding of the problems we face.

You may ask: What does all this have to do with the subject of concentration, monopoly, and growth? Well, just this: In the aftermath of the exposure of the policy I discussed a moment ago, as a national policy for inflation control, predicated upon the reduction in the rate of utilization of our capacity, and underemployment, this very restrictionist approach has been instituted as a fundamental corporate policy by large pace-setting firms in the concentrated sectors of our economy.

What I am saying, in effect, is that here we have a national policy that is being thoroughly discredited as promotive of stability, growth, at stable price level, and on the other hand, we have witnessed, developing along with this, corporations that have been able to adopt this restrictionist approach to production and price policies, as an operational objective, an operational policy, of these corporations.

Indeed, I think we have witnessed in the business press and elsewhere that these firms that follow what we might call a restrictionist production and price policy, have been accorded a great deal of applause and acclaim, for being better able to stabilize prices and profits over cyclical swings.

This is a bit of irony which I think has had very unfortunate, but nonetheless predictable, consequences.

Senator Bush. May I just interrupt at this point?

We do not usually do that; but I would like you to define this thing called restrictionist production policy and national restrictionist policy. This is very interesting.

Dr. Lanzillotti. Yes, sir.

A little earlier, you were questioning Dr. Nourse about overemphasis on and overconcern about inflation, and about tax policies, fiscal policies, and monetary policies, as have been explained by this committee, and discussed by this committee in earlier hearings, that had an unemployment bias. They had a bias that amounted to underutilization of national production capacity.

What I am saying is that such a policy is a restrictionist approach—for stability purposes. We have been concentrating on the inflation-