Dr. LANZILLOTTI. It does have those characteristics. And usually when the identical bids are questioned, you get a reply which takes off from that question: Well, aren't these really the "milk" business, the run-of-the-mill type of product, highly standardized? And would you not expect that the prices would be identical?

Well, my reply is this: When we call for sealed bids, the reason why we ask for sealed bids under Federal procurement procedures is precisely to provoke, to bring about, as low a price for the public as we can. And private industry does the same thing when it calls for sealed bids.

The point is this: Under what circumstances would you possibly get identical bids of this type? Well, they would only come about under what we would call competitive conditions that include all sellers guessing that every other seller is going to bid the next time around exactly what he bid the last time around; namely, the book price. All sellers have the same view of the way in which the demand is going. All sellers are faced with the same cost conditions.

I think that what you really conclude when you examine these is that you have to answer certain questions: How did these book prices that all of these firms say they are following become identical in the first place? There must have been some causal relationship, here, some background, some reasons why the prices were identical in the first instance.

Senator BUSH. Have you ever asked them, any of them, to explain it to you?

Dr. LANZILLOTTI. Yes, sir. I have.

Senator BUSH. What do they say?

Dr. LANZILLOTTI. On how they became identical?

Senator BUSH. Yes.

Dr. LANZILLOTTI. Their explanation is: We follow competition. I think it is an unsatisfactory answer.

Part of the answer on this identical sealed bid procedure, if we wish to get into it, is that we have a clash of laws which were designed to protect the public from unscrupulous public servants, and which require that the bids, after being made, under sealed procedures, be made public.

These firms have replied: If our bids could be kept secret and were not made public, we might be inclined to be more competitive in our bidding.

Senator BUSH. That is an interesting development.

Dr. LANZILLOTTI. It suggests what we know exists in the American economy, that if firms can discriminate in price and keep their price concessions secret, they will do so.

Well, I do not wish to take any more time. I merely would summarize with the statement that restrictionist production, administered pricing, identical sealed bidding, and jointly acting sellers, are the cloth of which the monopoly problem is made.

I feel that only if we face up squarely to the problem can we put vigor into the antitrust program, supplementing and complementing the policies of the monetary authorities and fiscal authorities and restore a general viability to the market place.