

The merger question I can see is a much more difficult one.

Senator PROXMIRE. Thank you very, very much, Mr. Kahn.

Why don't you go right ahead and we will just permit the others to answer and then we will wind up.

Mr. LANZILLOTTI. I think Professor Adams is best qualified to talk of this. Afterwards if you don't mind, I think we might come back to this question of acquisition and mergers and possible legislation.

Senator PROXMIRE. Professor Adams?

Mr. ADAMS. Well, I think that the prevailing concentration of power that you find in the American economy and certainly that you find in the regulated industries, is not something that is a God-given fact. It is not a law of nature. It isn't inevitable.

Senator PROXMIRE. To some extent it is. One of the panelists said a while ago that if an industry is going to have such a large proportion of monopoly we ought to regulate it. You ought to give them a public utility status, these have something of a public utility status, they are regulated.

Mr. ADAMS. That is fine; but most of the concentration you find, I think, is manmade, it comes of man and not of heaven.

Now, in the transportation field, I think there was some logic to regulating the railroads in the 19th century when the railroads had a monopoly. They fitted the category of natural monopoly, and regulation was set up to protect the consumer against this exploitative monopoly. Today, this situation has changed so completely, both in the passenger field and in the freight field, that the greatest single thing we could do in my opinion, as far as surface transportation is concerned, is to deregulate the whole industry. Have the ICC close shop and let the railroads and the trucks and the barges and so on fight it out within the limits of the rules set up by the antitrust laws.

Competition in this industry is perfectly feasible. It is perfectly feasible, both technologically and economically. Unfortunately, it is being artificially restrained by the Government.

As Fortune magazine put it some years ago, the Government has created a huge freight cartel, and that is precisely the situation we are in today.

Senator PROXMIRE. That is a very, very interesting suggestion. You are suggesting we just abolish the ICC and the CAB?

Mr. ADAMS. Well, no, in the case of the CAB, I think you have a few more problems.

But even on that score (laughter) if I may invite your attention to a historical fact, the progress that was made in air transportation came about largely as the result of the marginal competition that was offered by the nonscheduled airlines.

This was the stimulus for growth in that industry.

Senator PROXMIRE. Let me ask you, Is there support for your view to your knowledge in the industry?

For instance, Mr. Robert Young some time ago was an advocate of greater competition of various kinds between the railroads. Is there any figure in the railroad industry who advocates competition?

Mr. ADAMS. Senator, I think generally speaking, the people who hold a certificate—