

At least, in that sense he is kind of a middle-rung operator. But seriously, we are going to press him hard on these things. I think the suggestions you gentlemen have made have been extremely useful, many of them very provocative, and I think I would like to add to what Senator Bush said this has been a very instructive, enlightening, entertaining, and useful day, thanks to you.

Thanks a lot, and we will adjourn until tomorrow morning at 10 o'clock when Judge Loevinger will appear.

(By order of the chairman, the following statement is included in the record of the hearings, inasmuch as Professor Clark was not able to testify in person:)

STATEMENT OF JOHN M. CLARK ON THE RELATION OF INDUSTRIAL CONCENTRATION
TO THE PURPOSES OF THE EMPLOYMENT ACT

Concentration may be defined as a condition in which a large fraction of the capacity and output of an industry in any given market area—possibly a majority, but not necessarily so—is produced by a small number of large firms. There may or may not be also numerous small firms, which may or may not be important factors, in the aggregate, in the behavior of the market. For a careful analysis, most of these terms would need further defining. It may be assumed at the start that concentration is not carried to the lengths of monopoly, this being a distinct problem and one for the antitrust laws. As to the effects of concentration on high and stable employment, it seems clearly impossible to make overall general statements that would be either accurate or useful. Some aspects of its effects are favorable, some unfavorable, all subject to modification by the setting of public controls and private policies, including responsibilities voluntarily accepted, in which industry operates. Thus the only useful diagnosis must take the shape of a discriminating analysis. This may begin with the conditions necessary or favorable to high and stable employment.

First and most basically important is a total volume of effective demand for goods and services, big enough to absorb our total productive power, with unemployment of labor limited to voluntary nonemployment plus a small percentage incidental to normal job shifting. Since productive power is continually growing, this means that effective demand must grow with it; and since such growth involves irregularities and uncertainties, and inequalities as between different branches of production, the minimum necessary allowance for job-shifting unemployment runs into the millions, even though a small percentage of the total labor force. Such unemployment should be temporary and transitional for particular workers, though persistent in the aggregate as a feature of a growing and mobile economy.

A second major requirement is that fluctuations in the economywide rate of economic activity—production, income, investment, and consumption—should be moderate, so that cyclical maximums of unemployment do not become unmanageably great. Whatever effect industrial concentration may have on this requirement will be in connection with any public policies bearing on cyclical stabilization of industry.

Thirdly, the same requirement holds for fluctuations in particular industries or products and the personal incomes of those deriving income from them, to the extent that these fluctuations affect the total incomes of these persons, especially workers employed in these industries, and are not entirely offset by job shifting, including supplementary employment, or in other ways.

Fourthly, as already indicated, there is need for adequate and enlightened policies minimizing the amount of necessary shifting to unfamiliar jobs, employers, or family residential locations, and aiding the shifts that remain necessary. The impact of technical progress means a reduction in the proportion of purely manual labor and a corresponding increase in the proportion of more highly skilled employments involving the superintending of more elaborate and effective technical, chemical, or similar applications of applied science, together with the planning, devising, and developing of these applications of applied science, and of the science itself. This includes the devising and developing of new or modified products, and of demand for them. This means a major movement "upward" in the proportion of occupations, toward those