

billion or more than 7.5% of all subsidies. Other such aid has been directed toward home owners and tenants, private hospital construction and health research facilities. Until very recently stockpiling of strategic materials had been regarded as a subsidy, but the new subsidy figures prepared by the Library of Congress no longer include this item. These stockpiles have of late been employed as an anti-inflationary device, with their actual or threatened release timed to exercise maximum leverage on efforts by private producers to raise prices, as in the case of aluminum or copper.

G. GOVERNMENT AS REGULATOR OF BUSINESS STRUCTURE AND OPERATIONS

Market operations and business structure have been increasingly subjected to both direct and indirect controls by government, especially through the creation of independent agencies endowed with regulatory powers, ranging from the Interstate Commerce Commission established nearly a century ago to the Commission on Civil Rights and NASA. Business decisions must now weigh the net effect on present and prospective profits not only of the formal and informal rulings of the established agencies as the Internal Revenue Service, Securities and Exchange Commission, Federal Trade Commission and Tariff Commission and the National Labor Relations Board to name only a few of the well established agencies, but also the "voluntary" guidelines suggested by various branches of the Executive Office. Much of management's struggle for success, if not survival, has indeed shifted from fratricidal competition within its own industry or with products of other industries serving similar markets to emerging without fatal consequences from government inspection and interrogation, if not intervention through direct or indirect public competition.

One indication of the growth in such governmental activities is the enlarged staff of many of the regulatory agencies over the past decade, even though total civilian Federal employment remained virtually unchanged.¹ Lawyers in government practices for example, numbered nearly 30,000 in 1963, half again as many as in the early 1950's. The corresponding rise in the number in private practice was only about 13%.² The various regulatory agencies increased their employment from 1955 to 1966:

Agency	1955	1966
Interstate Commerce Commission.....	1,822	2,276
Tariff Commission.....	198	262
Securities and Exchange Commission.....	666	1,314
National Labor Relations Board.....	1,150	2,210
Federal Trade Commission.....	584	1,118
Federal Power Commission.....	657	1,072
Federal Communications Commission.....	1,094	1,468

Mr. GAINSBROUGH. Thank you, Mr. Chairman.

On the first page of this statement then is perhaps the best aggregate measure we have of the impact of government upon the marketplace. This is the Government as a purchaser of end products, as purchaser of goods and services. Here we are the beneficiaries of the system of national accounts that has been painfully developed by the economic profession over the past quarter century. No previous generation had bodies of data assembled of this character. It is an excellent way of communication, using the framework of national accounts.

As is clearly evident here, there is ample documentation of the thesis that the Government has intervened more in the marketplace with the passage of time. The total purchases of goods and services by the Government, as can be seen from this table, in the year 1966, amounted to around \$153 billion. This contrasts with barely more

¹ In the Federal administrative budget, expenditures for "regulation of business" in connection with commerce and transportation are shown to be \$38 million in 1955 against \$100 million now. (Stat. Abstract 1966, p. 392.)

² (Statistical Abstract, 1966, p. 158.)