

that among the safety factors you would want to build in if you want to give it any regulatory powers, among the safeguards would be to have a check by the Council, yes.

Representative RUMSFELD. You also say—and I certainly agree—“conflicts with the Council about the advisability of any direct restraint the presumptions should be that the restraints should best be avoided.” I think the comments everyone has made here today indicate that should be the presumption. That if in doubt, don’t in this case. I suppose there are a variety of reasons for this attitude, principally the fact that this is a rather inexact field now and we had best not tinker unless there is pretty much an agreement; is this correct?

Mr. SHEAHAN. That is right.

If we were back in the 1950’s—well it is the 1950’s that caused the trouble—if we were back there, there were so many cases of industries in which output was falling, capacity was very high and workers were being laid off, and unusually large wage and price increases were being put through almost automatically. That kind of thing has greatly eased since the advent of the guideposts. If you had asked in 1958 to name 10 industries to stop, you would have gotten them easily. Now, it is a different behavior. It is possible that if this Commission were set up and could have such powers in reserve, and used them only for the important cases, they might not have to use them for years at a time.

Representative RUMSFELD. Quoting you again, you say, “. . . but aimed selectively at significant departures from competition and implemented toward the constructive goal of increasing efficiency rather than the negative of blocking wage and price increases in general to make our employment levels feasible,” and so forth. You have words like “selectively” and “significant” and “constructive goal.” Is there any way you could draw us a picture of exactly what you mean, by examples?

Mr. SHEAHAN. Well, that is not easy. You can see the attempt to do so in literally scores of excellent industry studies. It used to be common for a Ph. D. thesis to be written on this type of topic, analyzing industries which clearly are not broken up into many small firms at the mercy of the market. Almost every industry chosen for study had two or three or five or one important firm that seemed to lead the way to stabilize the market. And almost all studies I have seen concentrate on the question: Do departures from efficiency and competition and progressive behavior amount to very much, or is the case really one of workable competition?

Now, I grant you it would be hard to find any precise answer, but I should say the great majority of these studies ended up with quite convincing results. In many cases the departures from competition were not serious even though there was high concentration. In many others there was quite a great deal of gain to be seen in changing market structure. But I am afraid that any such board would have to take a careful study with a staff getting data and checking behavior. You would have to take it case by case.

Representative RUMSFELD. What you are saying is your discipline is far enough advanced that you believe there is a way to make these judgments, and that beyond that there is a way to police the making of those judgments to see what is in the decisionmaking process that