Competition is further weakened by the fact that the largest corporations dominate not just one product line, but frequently dominate the market of many related lines. This means that frequently the monopoly price for a specific product line is bolstered by the monopoly price of the substitute product which is set in such a way that the combined profit of both lines is maximized.

The prevalence of this sort of situation is illustrated by the example of the food industry. In 1963, the food industry covered 116 product classes. In only 2 percent of these product classes the 100 largest food producers occupied none of the eight top ranks. In 70 percent of all product classes, the 100 largest food producers occupied at least four of the eight top ranks. This type of concentration has increased substantially in recent years. The percentage of product classes in which the 100 largest food producers occupied at least four of the eight top ranks increased from 50 to 70 percent in less than 10 years.

An interesting feature of the staff study is its finding that this increase in concentration in consumer goods industries is not due to technological requirements, "but rather to product differentiation created by advertising." It continues:

> Empirical studies demonstrate that product differentiation and the requirements of large-scale advertising are the major barriers to entry and causes of high market concentration in many consumer goods industries.

WHAT IS TO BE DONE?

We have seen thus far that the current round and probably also previous rounds of inflation have not been caused by the "cost push" pressures of rising labor costs, but by the "profit push" demands of large corporations with increasing economic power in the whole of industry and increasing market power in key consumer goods industries. How is that power to be curbed in the public interest?

The staff study makes a number of useful suggestions. These include:

—Vigorous enforcement of the antitrust laws.

—More exercise by the Federal Trade Commission of its powers to investigate the organization, business conduct, practices, and management of corporations, with particular reference to industries that pose special competitive problems.

—A thorough and expeditious study of the whole problem of conglomerate mergers by the antitrust agencies, with a view to seeking legislative remedies.

—Careful study of the impact on the economy of the trust activities of commercial banks, whose trust departments control a large and growing proportion of the stock of American corporations.

—Tightening up of the rules governing reporting by conglomerate corporations to the SEC so as to require them to report separately their sales and revenues with respect to each product class representing the lesser of 5 percent of sales volume or sales of $25 million, and requiring them to report separately for a period of years the finances of acquired companies.

—Careful study of the special problems in competition raised by multinational corporations, and of the general problem of policing international competition.

—Elimination of resale price maintenance.

—Better consumer information about products.