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T H E

Paranoid Style  
in American Politics  
*and Other Essays*

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# WHAT HAPPENED TO THE ANTITRUST MOVEMENT?

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## I

THE antitrust movement is one of the faded passions of American reform. Historians have always been interested in the old romance, but with remarkable unanimity and an uncharacteristic lack of realism, they have neglected to tell us what happened when it was over. The writers of our general history books deal with the antitrust issue when they tell of the rise of the great corporations and the passing of the Sherman Act and then, again, in discussing antitrust sentiment in the Progressive era and the enactment of further regulatory

laws. Most of them touch on it briefly once more when they take up the New Deal antitrust revival, Thurman Arnold, and the T.N.E.C. Then, for the most part, they drop the subject; the student or the general reader must study law, economics, or business administration to become aware that the antitrust enterprise has more significance in contemporary society than it had in the days of T.R. or Wilson, or even in the heyday of Thurman Arnold.

Presumably the historians drop the subject of antitrust at or around 1938 not because they imagine that it has lost its role in our society but because after that point it is no longer the subject of much public agitation—in short, because there is no longer an antitrust *movement*. The intensity of public concern is, of course, a poor guide for historians, but here their neglect embodies a certain self-protective wisdom. They ignore antitrust for the same reason the public ignores it: it has become complex, difficult, and boring. In any case, the intricacies, both legal and economic, of regulating monopoly and competition are intricacies of a sort the historian is ill equipped to handle. It is simpler for him to sweep the whole thing under the carpet, and retire, along with the general public, from the baffling maze of technical refinements which the lawyers and economists have created.

Perhaps, at the risk of oversimplifying a little, the source of the problem can be put in this paradox: once the United States had an antitrust movement without antitrust prosecutions; in our time there have been antitrust prosecutions without an antitrust movement. In its day the antitrust movement had such consequences for our political and intellectual life that no historian who writes about the period 1890–1940 can safely ignore it. But the antitrust enterprise, as an institutional reality, now runs its quiet course without much public attention, and we lose sight of it. In failing to take more cognizance of its work, the historians are missing one of the most deli-

cious minor ironies of our reform history and one of the most revealing facets of our institutional life. In the very years when it lost compelling public interest the antitrust enterprise became a force of real consequence in influencing the behavior of business.

For a long time liberal historians held to a kind of mythological history of the antitrust experience which, though it was not entirely false at any point, ended somehow in being entirely misleading. Antitrust, as an ideology and a movement of reform, always contrasted so sharply with its actual achievements in controlling business that it tempted our powers of satire. The conventional history went something like this: In 1890, as a largely meaningless and cynical gesture to appease public sentiment, an ultra-conservative Congress passed the Sherman Antitrust Act. The act was couched in such vague terms as to confirm our doubts that those who passed it expected that it could ever be enforced. Its early history fully warranted such doubts. From the beginning it was rendered a dead letter by administrative neglect and judicial hostility. Though it had little effect on the big business firms that were supposed to be its main object, it was used with greater success against labor unions. By the time Theodore Roosevelt took office, when the Sherman Act was little more than ten years old, it had become all too clearly a charade behind which the consolidation of big business, notably accelerated between 1898 and 1904, went on apace. It was easy and amusing to debunk the reputation of T.R. as a trust-buster when one considered the infrequency and superficiality of his prosecutions, as well as his own doubts about the value of the whole enterprise, and to compare his robust rhetoric with the comic and pathetic image of the Antitrust Division of the Justice Department sallying out against the combined might of the giant corporations with a staff of five lawyers and four stenographers.

Subsequent statutory efforts under Wilson to strengthen regulation of monopolistic conduct, whatever one is to say of their value and the intent behind them, had to be recounted by the historians with a full sense of the denouement in mind. And the denouement required us to say that the antitrust effort went down the drain with the attempt to organize industry for the First World War; that the ensuing saturnalia of reaction during the 1920's, another period of business consolidation, undid the Wilsonian reforms—indeed, that the Federal Trade Commission was converted from an agency to control business into an agency controlled by business. Finally the revival of antitrust under F.D.R., the creation of the Temporary National Economic Commission, and the installation of Thurman Arnold's reforms seemed to be largely a movement of desperation, a return to the old antitrust charade, on the part of an administration which had exhausted its capacity to reform and was having indifferent results in its efforts to bring about recovery. The very appointment of Thurman Arnold as head of the Antitrust Division—a man whose books had effectively ridiculed the antitrust laws as a façade behind which the concentration of American industry could go on unimpeded—seemed to underline perfectly the whole comedy of the antitrust enterprise. And here, for the most part, as I have observed, the standard history of antitrust breaks off, perhaps with a few words about the difficulties Arnold confronted, and how his honest efforts were circumvented during the Second World War.

Without attempting to subvert the elements of truth in this version of antitrust history, it seems important to take account of certain additions to the story. First, it seems fair to say that while there was some impatient cynicism present in 1890 when the Sherman Act was passed, there was puzzlement as well, an honest if ineffectual concern with the problems of size and monopoly, and genuine doubts about the

proper means of solving them. The general language of the Sherman Act may be looked upon as a broad enabling measure, which at least some men hoped would be followed by statutory and administrative advances. What has customarily been said of the lax enforcement that followed needs little qualification, except to add that the difficulties involved were the difficulties inherent in the subject as well as in the relatively conservative and circumspect attitudes taken by the Progressive Presidents and their advisers. They were living in a society that wanted to reap the benefits of large-scale enterprise, as well as to prevent the evils of monopolization; and on the whole, despite the confident pronouncements they found it desirable to make in political campaigns, men like T.R. and Wilson were aware that they did not know how to arrive at a quick and satisfactory solution to the problem. Whatever else may be said about all the seemingly empty and futile rhetoric about monopoly and bigness in the Progressive era, it did serve to keep alive the salutary American fear of excessive market power.

Something more must also be said about the antitrust revival under Franklin Roosevelt and Thurman Arnold. Viewed in a very flat time perspective, Roosevelt's 1938 message on monopoly capitalism, the T.N.E.C., and Arnold's prosecution may be set down as having originated out of administrative desperation and may be regarded as substantial failures. But in the longer perspective, they mark the true beginning of effective antitrust action, for it was the efforts begun at this time—not to speak of new personnel Roosevelt brought into the federal judiciary—that created the social and legal climate in which something could be done. The 1940's can be seen retrospectively as a watershed in the history of antitrust jurisprudence. Today, anybody who knows anything about the conduct of American business knows that the managers of the large corporations do their business with one

eye constantly cast over their shoulders at the Antitrust Division, and that the antitrust enterprise has gone far to make up for its inability to reverse business concentration by considerable successes in affecting business conduct. Antitrust has won its spurs as a useful approach to the problems of large-scale enterprise, and in the Western world as a whole it is gaining acceptance. Its successes in America have aroused some emulation since the Second World War both in Britain and in France, and antitrust enforcement has reached a rudimentary stage in the Common Market.

## II

THE HISTORY of antitrust may be divided into three phases. In the first, from about 1890 to 1914—the era of the founding fathers of antitrust—the opening steps were taken, in statutes and in the courts, to define what form the antitrust efforts of the federal government might take and to see how they would work. The great outburst of business consolidation quickened antitrust sentiment, which was strong throughout the Progressive era. Often a common hostility to big business was the one link that bound together a variety of interest groups that diverged on other issues. The Progressive era, which culminated in 1914 with the passing of the Clayton Act and the creation of the Federal Trade Commission, probably marks the high point of anti-big-business sentiment in our history. As a movement, through hardly as an administrative reality, antitrust was in high gear.

The second phase, lasting from the First World War to about 1937, might be called the era of neglect. Efforts at prosecution during the 1920's were almost minimal, and even the New Deal in its opening years suspended the antitrust laws to accommodate the N.R.A. codes. The present phase,

which may be dated from 1937, is the phase of revival, opened by the New Deal's reactivation of the Antitrust Division and the T.N.E.C. investigation. The sharp legal and administrative activity of this period has taken place without any corresponding revival of public sentiment against big business, indeed in the face of a growing public acceptance of the large corporation. Antitrust has become almost exclusively the concern of small groups of legal and economic specialists, who carry on their work without widespread public interest or support.

Whereas the first of these three phases was marked by tentative efforts at enforcement with nearly negligible results, and the second by minimal or token enforcement, the comparative vigor of the third may be measured roughly by the number of prosecutions. During all the years from 1891 to 1938, the government instituted an average of 9 cases a year. The peak years of this barren half-century were 1912 and 1913, with 29 and 27 prosecutions respectively. For about thirty years after 1913 the typical load was about 12 cases, often considerably fewer, and the objects chosen for prosecution were not often vital points in American industry. In 1940, with the Roosevelt-Arnold revitalization well on its way, the number of cases jumped to 85—only two less than the number instituted during the entire first *two decades* of the Sherman Act. Thereafter the number of cases, though still fluctuating, stayed at a level considerably higher than that maintained before 1938.<sup>1</sup> In 1962 the Antitrust Division, employing 300 lawyers and working with a budget of \$6,600,000, instituted 92 cases. Figures, of course, are crude,

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<sup>1</sup> On prosecutions to 1940, see Walton Hamilton and Irene Till: *Antitrust in Action*, T.N.E.C. Monograph No. 16 (Washington, 1940), esp. pp. 135-43; see also *United States versus Economic Concentration and Monopoly*, a Staff Report to the Monopoly Subcommittee on Small Business, House of Representatives (Washington, 1940), pp. 276-89.



but a qualitative analysis of the legal victories of the antitrust revival would show that the decisions it has won from the courts, particularly since 1940, have greatly amplified the possibility of enforcement. Despite the collapse of antitrust feeling both in the public at large and among liberal intellectuals, antitrust as a legal-administrative enterprise has been solidly institutionalized in the past quarter-century.

The antitrust movement and its legislation are characteristically American. Perhaps this is attributable to the particularly flagrant form that monopoly took in America during the early years of its development. It may also be said that, except for the Canadians, no other people has taken the principle of economic competition so earnestly as to try to underwrite it by statute, until recently when some European countries began to show interest in the American approach to the subject.<sup>2</sup> The idea of competition as a means of social regulation—as an economic, political, and moral force—has grown stronger roots in the United States than elsewhere, partly because it has had little to compete with in the way of aristocratic, militaristic, or labor-socialist theories. Founded to some degree in the common-law tradition, whose injunctions against restraint of trade proved an inadequate basis for the protection of competition, the antimonopoly tradition also rested intellectually upon classical economic theory and upon the pluralism of American democratic thought.

But in America competition was more than a theory: it was

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<sup>2</sup> On European developments in antitrust law, see *Antitrust Developments in the European Common Market*, Report of the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, 88th Cong., 2nd sess. (Washington, 1964), and *Comparative Aspects of Anti-Trust Law in the United States, the United Kingdom, and the European Economic Community*, Supplementary Publication No. 6 of *International and Comparative Law Quarterly* (London, 1963). For a brief and synoptic comparison of antitrust legislation in the United States, Canada, and Britain, see W. Friedmann: *Law in a Changing Society* (London, 1959), Ch. 8.

a way of life and a creed. From its colonial beginnings through most of the nineteenth century, ours was overwhelmingly a nation of farmers and small-town entrepreneurs—ambitious, mobile, optimistic, speculative, anti-authoritarian, egalitarian, and competitive. As time went on, Americans came to take it for granted that property would be widely diffused, that economic and political power would be decentralized. The fury with which they could be mobilized against any institution that even appeared to violate these expectations by posing a threat of monopoly was manifest in the irrational assault on the Bank of the United States during Jackson's presidency. Their most respected thinkers habitually assured them that their social order was God-ordained or natural, and they probably thought it would last forever.

Then, with extraordinary rapidity as historical time is reckoned, that order was overwhelmed by the giant corporation. In the last three decades of the nineteenth century a wholly new economy came into being. An American born in 1828, the year of Jackson's election, came of age in a society in which the old small-enterprise economy, however dynamic and expansive, had kept its fundamental pattern more or less intact. But in his mature years he would have seen that economy fast becoming obsolete, and if he lived as late as 1904, he would have seen industry concentrated to a degree inconceivable not only to his fathers but even to him during most of his adult life. This economic transformation happened so fast that the mind could not easily absorb it. An entire people could hardly be expected to cease overnight to dream the dreams of the small entrepreneur. In 1900 the problem of big business and the threat of monopoly were still so new that it was hard to get one's bearings. Bigness had come with such a rush that its momentum seemed irresistible. No one knew when or how it could be stopped.

It is hardly surprising that the men of the first antitrust

generation made some frightening projections into the future. In 1890, and even in 1914, bigness had not yet been domesticated either as a force in the economic world or as a factor in the American imagination. A nation that had gone so fast from competitive small enterprise to corporate giantism might readily go with equal speed from corporate giantism to a system of monopolistic tyranny. Hence, discussions of big business in the last decades of the nineteenth and the opening decade of the twentieth century are full of dark prognostications, most of them plausible enough at the time, however little they have been realized.

Since it had been widely assumed that competition, being "natural," would be largely self-perpetuating, the classical theory had not reckoned with the possible necessity of underwriting competition by statute. But by the 1880's the old confidence in the self-sustaining character of competition was dead, and there seemed no adequate protection for competition in existing law. As soon as it became clear that the common-law tradition against restraints of trade had ceased to have any force and that state laws on the subject were altogether inadequate to the purpose, the demand for federal action arose. George Gunton thought in 1888 that "the public mind has begun to assume a state of apprehension almost amounting to alarm," and that the social atmosphere was "surcharged with an indefinite but almost inexpressible fear of trusts."<sup>3</sup> Senator Sherman warned his colleagues that "the popular mind is agitated with problems that may disturb the social order," singling out inequities of wealth and the formation of combinations of capital so great that they threatened to produce "a trust for every production and a master to fix the price for every necessity of life." Congress must heed the appeal of the voters, he said, "or be ready for the socialist, the

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<sup>3</sup> G. W. Stocking and M. W. Watkins: *Monopoly and Free Enterprise* (New York, 1951), p. 257.

communist, and the nihilist. Society is now disturbed by forces never felt before.”<sup>4</sup> Historians, like contemporaries, have differed as to how imperative the demand for federal action was. In a careful survey of articulate opinion on the “trust” problem in 1890, Hans B. Thorelli concludes that public demand, though perhaps less than an irresistible tide, was too strong to be ignored by the politicians.

Was the Congress of 1890 cynically offering a sop to public sentiment? The plutocratic character of that Congress lends some credence to this view, as does the observation of Senator Orville Platt, at one point in the debate, that the conduct of the Senate during the previous days was “not in the line of honest preparation of a bill to prohibit and punish trusts” but was merely an effort “to get some bill headed ‘A bill to punish trusts’ with which to go to the country.”<sup>5</sup> These circumstances of its origins have helped to confirm many historians in their suspicion that antitrust was, from beginning to end, only a charade.

But there is also reason to believe, on the contrary, that most congressmen thought of the competitive order in business as being the cornerstone of the whole democratic way of life and that they considered themselves to be making the first tentative step in formulating a policy for the control of trusts, which, if it could be put on sound constitutional footing, might serve as the basis for corrective litigation and perhaps

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<sup>4</sup> *Congressional Record*, 51st Cong., 1st sess. (March 21, 1890), p. 2460. “Although this body is always conservative,” Sherman said hopefully, “yet, whatever may be said of it, it has always been ready to preserve not only popular rights in their broad sense, but the rights of individuals as against associated and corporate wealth and power.”

<sup>5</sup> Hans B. Thorelli: *The Federal Antitrust Policy* (Baltimore, 1955), p. 198. There is a mass of information about the antimonopoly aspects of the American tradition in Arthur P. Dudden’s unpublished doctoral dissertation, *Antimonopolism, 1865-1890*, University of Michigan (1950). On contemporary views, see also Sanford D. Gordon: “Attitudes towards Trusts prior to the Sherman Act,” *Southern Economic Journal*, XXX (October 1963), 156-67.

subsequent statutory changes. Admittedly, they were breaking new ground. Senator Hoar said that Congress was entering a wholly new field of legislation and that "the opinions of Senators themselves, of able and learned and experienced lawmakers, were exceedingly crude in this matter."<sup>6</sup>

It is true, of course, that Congress emerged with a statute written in the most general terms, which for many years was emasculated by judicial decisions and administrative lethargy. But it is very likely that, with its broadly worded prohibition of conspiracies in restraint of trade and of efforts to monopolize, Congress was attempting to lay down a general declaration of policy that would serve as a guide to future action in much the same flexible way as the Constitution itself had served the country after 1787. Many congressmen doubtless believed that the self-enforcing features of the law would be far more effective than they actually became—that is, that the triple-damage suits authorized for victims of restraints of trade would cause businessmen themselves to carry on a good deal of the policing of the economy. Perhaps the problem confronting Congress can be reconstructed with greater sympathy if we try to imagine whether a drastically different and significantly more effective law would have been passed by a wholly populist and militantly anti-big-business Congress, and whether such a law could have been expected to receive a more successful implementation than the Sherman Act in the hands of the subsequent administrative officers and judges.

One may say with reasonable assurance that the confusion of Congress over the economic significance of antitrust mirrored a more general confusion in American society. The goals of antitrust were of three kinds. The first were economic; the classical model of competition confirmed the belief that the maximum of economic efficiency would be produced

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<sup>6</sup> *Congressional Record*, 51st Cong., 1st sess. (April 8, 1890), p. 3146.

by competition, and at least some members of Congress must have been under the spell of this intellectually elegant model, insofar as they were able to formulate their economic intentions in abstract terms. The second class of goals was political; the antitrust principle was intended to block private accumulations of power and protect democratic government. The third was social and moral; the competitive process was believed to be a kind of disciplinary machinery for the development of character, and the competitiveness of the people—the fundamental stimulus to national morale—was believed to need protection.

Among the three, the economic goal was the most cluttered with uncertainties, so much so that it seems to be no exaggeration to regard antitrust as being essentially a political rather than an economic enterprise.<sup>7</sup> A fundamental difficulty in economic thought, troubling from the very start, arose over the relative claims of combination and competition. The Sherman Act was framed and debated in the pre-expert era, when economists as a professional group were not directly consulted by the legislators. But even if they had been, they would have given mixed and uncertain advice. The profession was split. A few years earlier the American Economic Association had been founded by men in revolt against the classical tradition and laissez-faire doctrines, although, of course, many economists of the older school were still ensconced in universities and colleges. Economists were familiar with the argument that the competitive order, far from being fixed in a per-

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<sup>7</sup> Hans B. Thorelli, after examining carefully the congressional debates on the Sherman Act, concludes, p. 227, that "the Sherman Act is not to be viewed exclusively as an expression of economic policy," and that in safeguarding the rights of the common man in business it "embodies what is to be characterized as an eminently 'social' purpose." Thorelli believes that Sherman and many of his contemporaries in Congress saw the legislation as "an important means of achieving freedom from corruption and maintaining freedom of independent thinking in political life."

manent, beneficent, self-sustaining equilibrium, might have a strong tendency toward self-liquidation through the disappearance of weaker competitors. One of the early historicists, E. Benjamin Andrews, argued in 1893 that laissez-faire was no more than a systematized expression of anarchy, and the following year warned:

Bills have been brought before half the legislatures of the Union to free competition by making trade syndicates absolutely illegal. To my mind there is no question that such legislation will be vain. The age of competition as we have known it is gone forever. As well try to waken the dead.<sup>8</sup>

The more influential voice of Richard Ely was also raised in protest against the ideal of pure competition. He was among those who insisted that size should not be equated with monopoly, and long before Thurman Arnold he held that antitrust legislation was not only futile but actually encouraging to monopoly, because it caused business leaders to replace "soft" combinations by "hard" combinations in the form of mergers.<sup>9</sup>

No consensus was to be had on the proper line of governmental action on trusts or on the kind of law Congress should pass. Nearly all economists believed that attempts simply to prohibit combinations by law would be futile. There was a growing disposition to consider that both competition and combination needed some measure of control and that neither could be eliminated by law. In this sense, as William Letwin has pointed out, the counsel that was available from the economists, however much attended to or ignored, shared the ambiguity that the legislators themselves could feel as lawyers:

The economists thought that both competition and combination should play their parts in the economy. The lawyers saw

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<sup>8</sup> Thorelli: *op. cit.*, pp. 112 n, 316.

<sup>9</sup> *Ibid.*, pp. 314-15.

that the common law permitted combination in some instances and prohibited it in others. Congressmen seized on this hidden agreement, and set out to construct a statute which by the use of common-law principles would eliminate excesses but allow "healthy" competition and combination to flourish side by side.<sup>1</sup>

If one gives due regard to the uncertainties of the matter and to the improbability that any attempt at a quick solution would be effective, one may arrive at a more charitable judgment of the Congress of 1890. Its members were probably trying to lay down general guidelines by means of which their successors might evolve a policy that would give society the advantages of both competition and combination. As Senator Sherman said, "All that we, as lawmakers, can do is to declare general principles."<sup>2</sup> These principles could hardly have been enunciated in more sweeping language than that used in the Sherman Act. Presumably, many congressmen hoped that the courts would find a way of striking at the notoriously unfair methods of competition that had already been used to build such companies as Standard Oil and the National Cash Register Company, without barring useful consolidations or even such restrictive agreements as were intended to eliminate intolerably rigorous competition.

This original uncertainty about the economic rationale for antitrust continued to haunt well-intentioned Progressives in the years before the First World War. The vagueness and inconsistency so often expressed by intelligent and relatively candid political leaders during this era must be taken as a reflection not on the caliber of the leadership but rather on the intrinsic difficulty of the problem.

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<sup>1</sup> William Letwin: *Law and Economic Policy in America: The Evolution of the Sherman Antitrust Act* (New York, 1965), p. 85; see, in general, Ch. 3 on the intentions of Congress.

<sup>2</sup> *Congressional Record*, 51st Cong., 1st sess. (March 21, 1890), p. 2460. Sherman was here conceding the difficulty of defining in law the precise difference between legal and illegal combinations, and expressing a preference for leaving such decisions to the courts in particular cases.



Theodore Roosevelt represents, on this count, a maximum of shrewdness combined with a minimum of anxiety. With the exception of railroad regulation, Roosevelt was not profoundly interested in the economic issues that agitated the American public during his presidency; indeed, he was quite candid in confessing his reluctance to tackle them head on. When in difficulties, as in 1907, he was disposed to trust to the judgment and the political and financial leadership of the conservatives in the Senate or the economic powers in Wall Street. However, he saw the trust problem as something that must be dealt with on the political level; public concern about it was too urgent to be ignored. He understood how important it was to assure the public that the government of the United States had the will and the power to assert its authority over large corporations. Accordingly, his antitrust prosecutions, although few, were in some cases appropriately spectacular. When he assessed the significance of the Northern Securities case, he did not say that it would open the way to a general assault on bigness, but rather that it was important for showing that "the most powerful men in this country were held to accountability before the law." His fundamental solution for the problem—that bigness must be accepted as a part of the modern industrial and social order, and that its behavior should be subjected to administrative control under full publicity—comes somewhat closer than the views of most of his political contemporaries to anticipating the future course of antitrust procedure.

Roosevelt was accompanied, or perhaps followed, by a school of liberal publicists—among them Charles R. Van Hise, Herbert Croly, and Walter Lippmann—who accepted his conviction that the Sherman Act philosophy was the product of what he called a "sincere rural Toryism" long since outgrown. Lippmann, in one of the most penetrating attacks on the antitrust philosophy, characterized it as the philosophy of "a nation of villagers." This school of Pro-

gressives saw the Western world as entering upon a new era of organization and specialization for which the old competitive philosophy was hopelessly retrograde. Some of them, notably Croly and Van Hise, also saw small-scale business as inadequate to the task of competing in the world's markets, which they believed to be a necessity of the American situation. In retrospect, they appear more sophisticated and prophetic than those who put great stock in the Sherman Act as a force for actual dissolution. They foresaw the decline of anti-trust as a movement, and in some instances recognized that if the Sherman Act persisted it would be as a basis for occasional *ad hoc* regulatory suits rather than as an instrument for dismantling the corporate economy.

Woodrow Wilson spoke more feelingly for the "rural Toryism" and the village democracy which seem to have been at the center of popular antitrust feeling; but by the same token he illustrated more clearly than Roosevelt their intellectual difficulties. Speaking in the campaign of 1912, which afforded a full-dress display of the differences between the two schools of thought on trusts, he asserted that he too was not against size as such. He was all for bigness as an inevitable and natural growth, whenever it was the outcome of superior efficiency. But he was against "the trusts," which had grown out of illicit competition. He was never very successful, however, in explaining why a business that had become large through legitimate methods might not become just as menacing to competition as one that had grown large through illicit competition. His statement "I am for big business and I am against the trusts" seems hardly more than an unsatisfactory attempt to evade the argument that there is a self-liquidating threat inherent in competition.<sup>3</sup>

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<sup>3</sup> For Woodrow Wilson's position on monopoly, see his *The New Freedom* (New York, 1913), pp. 163-222. William Diamond, in *The Economic Thought of Woodrow Wilson* (Baltimore, 1943), makes it

### III

THE POLITICAL and social arguments against monopoly were pressed with greater clarity than the economic argument and with hardly less fervor. Antitrust must be understood as the political judgment of a nation whose leaders had always shown a keen awareness of the economic foundations of politics. In this respect, the Sherman Act was simply another manifestation of an enduring American suspicion of concentrated power. From the pre-Revolutionary tracts through the Declaration of Independence and *The Federalist* to the writings of the states' rights advocates, and beyond the Civil War into the era of the antimonopoly writers and the Populists, there had been a perennial quest for a way of dividing, diffusing, and checking power and preventing its exercise by a single interest or by a consolidated group of interests at a single center. Hence, the political impulse behind the Sherman Act was clearer and more articulate than the economic theory. Men who used the vaguest language when they talked about "the trusts" and monopolies, who had not thought through the distinction between size itself and monopolistic practices, who had found no way of showing how much competition was necessary for efficiency, who could not in every case say what competitive acts they thought were fair or unfair, or who could not state a rational program that reconciled their acceptance of size with their desire for competition, were rea-

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clear that in his earlier years. Wilson had been committed to the evolutionist acceptance of size but became more devoted to the competitive principle as he came before the public eye and as he accepted the advice of Brandeis. By 1913 he seems to have been persuaded that dissolution was an essential tactic. "Real dissolution in the case of the trusts is the only thing we can be satisfied with," he wrote privately, and he indicated that this was part of a program necessary "to satisfy the conscience of the country." *Ibid.*, p. 112.

sonably clear about what it was that they were trying to avoid: they wanted to keep concentrated private power from destroying democratic government.

One of the glories of the competitive model had been that it purported to solve the question of market power by denying that such power had any particular location. The decisions of the market were beautifully impersonal, since they were only the averagings of the decisions of thousands of individuals, none of whom enjoyed any decisive power. The market mechanism suggested that power was not really exercised by anyone. With the perfect impersonality of Adam Smith's "invisible hand," the market made decisions that ought not be vested in the hands of any particular man or body of men. Hence, the market mechanism met the desire for the diffusion of power and seemed to be the perfect economic counterpart of American democratic pluralism.

Where power *must* be exercised, it was agreed that it should be located in governmental and not in private hands. But the state governments were inadequate; in sheer mass, business enterprises already overshadowed them. Charles William Eliot pointed out as early as 1888 that the large corporations, considered as units of economic organization, had already begun to tower over the states. A Boston railroad company, for example, employed 18,000 persons and had gross receipts of about \$40,000,000 a year, whereas the Commonwealth of Massachusetts employed only 6,000 and had receipts of only \$7,000,000.<sup>4</sup> Even individually, some corpora-

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<sup>4</sup> C. W. Eliot: "The Working of the American Democracy," *American Contributions to Civilization* (New York, 1907), pp. 85-6. Three-quarters of a century later the T.N.E.C. found that, as economic units, only ten states had assets greater than the two largest corporations, and that more than half the states were completely overshadowed in size by private businesses. *Final Report and Recommendations of the Temporary National Economic Committee* (Washington, 1941), pp. 676-7; David Lynch: *The Concentration of Economic Power* (New York, 1946), pp. 112-13.

tions were big enough to dominate state governments, and if they should combine among themselves, they might come to dominate the federal government as well.

The existence of the industrial combinations and the threat that under one auspice or another—perhaps that of the investment bankers—there would come about some day a combination of the combinations that would be stronger than civil government itself, provoked a fear that haunted the minds of the writers of the industrial era, including many whose social views were as conservative as Eliot's. The fundamental fear of private power was well put by William Jennings Bryan, in a speech delivered at the Chicago Conference on Trusts in 1899:

I do not divide monopolies in private hands into good monopolies and bad monopolies. There is no good monopoly in private hands. There can be no good monopoly in private hands until the Almighty sends us angels to preside over the monopoly. There may be a despot who is better than another despot, but there is no good despotism.<sup>5</sup>

And the general sense that the dire economic and political consequences of monopoly were as one was incorporated in the Democratic platform of 1900:

Private monopolies are indefensible and intolerable. . . . They are the most efficient means yet devised for appropriating the fruits of industry to the benefit of the few at the expense of the many, and unless their insatiate greed is checked, all wealth will be aggregated in a few hands and the Republic destroyed.<sup>6</sup>

The most articulate expression of the Progressives' case against the political power of monopoly was made by Woodrow Wilson in 1912. It was the burden of his argument, against T.R., that once the existence of large-scale combina-

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<sup>5</sup> Thorelli: *op. cit.*, p. 336.

<sup>6</sup> Kirk H. Porter and Donald B. Johnson: *National Party Platforms* (Urbana, Ill., 1956), p. 114.

tions is accepted, regulation of them by government becomes impossible, because the political power of business combination will be great enough to nullify all attempts at controlling it. Wilson played artfully on the fears and suspicions of the small entrepreneurs. Even some very powerful men, he said, knew that “there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they had better not speak above their breath when they speak in condemnation of it. . . . They know that somewhere, by somebody, the development of industry is being controlled.”<sup>7</sup> He pictured concentrated capital as being already in control of the government: “The masters of the government of the United States are the combined capitalists and manufacturers of the United States. . . . The government of the United States at present is a foster-child of the special interests.”<sup>8</sup>

Of necessity this would continue to be the state of affairs until the combinations not only were unseated by the people but also were dissolved—until “this colossal ‘community of interest’ ” was disentangled. It was a thing that the laws must “pull apart, and gently, but firmly and persistently dissect.” Otherwise, under Roosevelt’s plan for accepting and regulating monopolies, there would only be a union between monopoly and government: “If the government controlled by the monopolies in its turn controls the monopolies, the partnership is finally consummated.” “If monopoly persists, monopoly will always sit at the helm of the government. I do not expect to see monopoly restrain itself. If there are men in this country big enough to own the government of the United States, they are going to own it.”<sup>9</sup>

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<sup>7</sup> Wilson: *op. cit.*, pp. 14, 62.

<sup>8</sup> *Ibid.*, pp. 57–8.

<sup>9</sup> *Ibid.*, pp. 118, 207, 286. For a later statement of this view see the dissenting opinion of Mr. Justice Douglas in *U.S. v. Columbia Steel Co.*, 334 U.S. 495 (1948).

The third objective of antitrust action, hardly less important than the others, was psychological and moral. It sprang from the conviction that competition has a disciplinary value for character, quite aside from its strictly economic uses. America was thought to have been made possible by the particular type of character that was forged by competitive individualism, a type that had flourished in the United States because competitive opportunities had been so widespread that alert men could hardly fail to see them, to grasp and use them, and hence, to be shaped by them. The American male character was believed to have been quickened and given discipline by the sight and pursuit of opportunity. For this process to take place it was important that business be carried on fairly—the sporting vocabulary was never far below the surface—and that newcomers be able to enter the game as entrepreneurs on reasonably open terms.

The significance of this faith that competition could be relied upon to form character can be fully grasped only if we bear in mind the Protestant background of our economic thinking. Economists themselves had not been in the habit of analyzing economic relationships in purely mechanical and secular terms, and what may be said of them on this count can be said with greater force about laymen, when they thought about economic issues. Behind the American way of thinking there lay a long Protestant tradition, which tended to identify economic forces with religious and moral forces and which regarded economic processes from the standpoint of their contribution to the discipline and development of character. The economic order was not merely an apparatus for the production of goods and services; it was a set of rules for forging good conduct. Everyone is familiar, I believe, with the proposition that some of the concepts of classical economics were shaped under the influence of a kind of prudential morality in which savings and abstinence were not merely

instruments of economic analysis but moral sanctions. In our time we have heard conservatives frankly condemn government fiscal policy that deviates from the prudential rules suitable to a family budget by appealing to the Puritan tradition. Such critics are the legitimate heirs of the men of the nineteenth and the early twentieth century who saw the protection of competition and its incentives as a safeguard of national morale, as a means for mobilizing and rewarding the industrious and the prudent and for penalizing those whom William Graham Sumner called "the poor and the weak, the negligent, shiftless, inefficient, silly, and imprudent . . . the idle, intemperate, and vicious."<sup>1</sup>

Here again one looks to Woodrow Wilson for the most articulate expression of this emphasis on the economic foundations of character and especially to the masterful speeches in 1912 in which he expressed his concern for "the beginner," "the man with only a little capital," "the man on the make," upon whose genius he thought the country had always been built. "The treasury of America," he argued, "lies in those ambitions, those energies, that cannot be restricted to a special favored class." It rests upon the inventiveness and the energy of "unknown men" and would lose its force if the economic order ceased to stimulate such inventiveness and energy. It was possible, he hinted, that under large-scale organization the country would turn its back on its past, which he evoked in poignant terms:

. . . the ancient time when America lay in every hamlet, when America was to be seen in every fair valley, when America displayed her great forces on the broad prairies, ran her fine fires of enterprise up over the mountainsides and down into the bowels of the earth, and eager men were everywhere captains of industry, not employees; not looking to a distant city to find out

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<sup>1</sup> William Graham Sumner: *What Social Classes Owe to Each Other* (New Haven, 1925), p. 21.



what they might do, but looking about among their neighbors, finding credit according to their character, not according to their connections, finding credit in proportion to what was known to be in them and behind them, not in proportion to the securities they held that were approved where they were not known.<sup>2</sup>

The prospect that these “fine fires of enterprise” were about to be quenched suggested that the old kind of character would be destroyed, that the old America was about to die—a reason even more imperative than mere industrial efficiency for seeking out the possibilities of antitrust action.

The inherited belief that small property and opportunity for small business have forged the American character, which might well lose its form without the discipline imposed by a particular variety of entrepreneurial competition, is one that has never died out. Near the end of the Second World War the Small Business Committee of the Senate put this faith clearly when it said that the pursuit of opportunity by the small business owner

has been a great motive force among our people. It stimulates expression of the fundamental virtues of thrift, industry, intelligence, schooling, home ties, and family pride—in short, those fireside virtues which have counted for so much in developing our strength and character.<sup>3</sup>

The preservation of opportunities for small business, as a member of the S.E.C. put it in 1945, is more important than any economic goal; it is “a goal which transcends economic and political forms and processes as such, and remains fundamentally concerned with the character of the men and women who comprise the nation.”<sup>4</sup>

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<sup>2</sup> Wilson: *op. cit.*, pp. 18–19.

<sup>3</sup> Quoted in John H. Bunzel: *The American Small Businessman* (New York, 1962), p. 84.

<sup>4</sup> Rudolph L. Weissman: *Small Business and Venture Capital* (New York, 1945), p. 164.

## IV

THERE ARE two salient differences between the problem of bigness as it was perceived about sixty years ago and the problem as it is perceived now; the first is that it is no longer a new problem, and the second is that the economy has performed in a way hardly dreamed of before the Second World War. In 1965 we are as remote in time from the passage of the Sherman Act as the men of 1865 were from the first term of George Washington. The public has had almost three-quarters of a century of experience in living with big business, and analysts of the big-business problem no longer make the same frightening projections as to its future dangers that could be made with entire plausibility sixty or seventy years ago. At the same time, the public is hardly unaware that the steepest rise in mass standards of living has occurred during the period in which the economy has been dominated by the big corporation. Whatever else may be said against bigness, the conception of monopolistic industry as a kind of gigantic, swelling leech on the body of an increasingly deprived and impoverished society has largely disappeared.

About the change in public attitudes from those prevailing sixty years ago we can make only an educated guess. Today we can check our impressions of the public mind against opinion polls; for the earlier era we have impressions alone. But it is very difficult for anyone who reads widely in the political literature of the period 1890-1914 to believe that public concern today over big business has anything like the sense of urgency that it had then. In 1951 the Institute of Social Research of the University of Michigan published the results of an illuminating survey, *Big Business as the People See It*. Its findings show some residues of the old popular suspicion of bigness, but the noteworthy thing is public acceptance. Amer-

icans have always had to balance their love of bigness and efficiency against their fear of power and their regard for individualism and competition. The survey indicates that this ambivalence has been largely resolved in favor of the big business organization.

A quarter of the population, as represented in the Institute's national sample, showed some concern over big business and an awareness that it had an important effect on their lives. But a substantial majority reacted favorably to big business. Asked to give a general characterization of its social effects, the respondents answered as follows:

The good things outweigh the bad things	76%
They seem about equal	2
The bad things outweigh the good things	10
Don't know	5
Confused; evaluation not ascertainable	7
	<hr/>
	100%

Plainly, big business was no longer a scare word to the public at large. Eighty-four per cent of those polled reacted without apparent emotion to the question, and only a small minority reacted unfavorably. Questioned on particulars, respondents spoke with especial favor of the productive powers of big business and its ability to give jobs and keep prices down. The most critical responses about big business dealt mainly with its effect on "the little man" and the destruction of competition. Very little concern was expressed about the power of big business over its workers (it is commonly regarded as a good employer) and surprisingly little about its influence on government.

Whereas fifty years before, fear of an indefinitely continued increase in the political power of big business was commonplace, the typical expectation expressed in the poll of 1951 was that the power of big business would decline, and properly so. As in the Progressive era, there was a strong

preference for a balance of power and a conviction that wherever there must be a clear preponderance of power it should rest in governmental and not private hands. But the existing state of business power was not widely considered to be dangerous. In fact, big-business power was ranked third among five forces—behind national government and labor unions and ahead of state governments and smaller business. Stronger feeling was shown against labor unions than against big business. There was a fraction of the public that saw big business as more powerful than labor unions and would have liked to see the situation reversed; but there was a fraction almost twice as large that saw the unions as more powerful and would have preferred to see the situation reversed.<sup>5</sup>

The findings of the Michigan group were not widely at variance with those of Elmo Roper, who a few years earlier had collated the responses of the public over a span of fifteen years to questions about business. Roper found that “the public has mixed feelings about big business. There is pride over the achievements of big business but some apprehension over the possible abuses of power inherent in big business.” The public was disposed to want a watchdog set upon the amoral and greedy elements in business, but only about a fourth of the respondents were found to believe that the disadvantages of bigness overshadow whatever advantages there might be.<sup>6</sup>

To what can we attribute this public acceptance of big business? Not much, I believe, to the efforts that big-businessmen have made to cultivate a favorable “image” for the large corporation. As the fate of the postwar campaign to sell “free enterprise” suggests, such efforts can miscarry badly when they represent nothing more than an attempt to make the

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<sup>5</sup> Burton R. Fisher and Stephen B. Withey: *Big Business as the People See It* (Ann Arbor, 1951), passim.

<sup>6</sup> Elmo Roper: “The Public Looks at Business,” *Harvard Business Review*, XXVII (March 1949), 165-74.

public take seriously the blather with which big business sometimes comforts itself.<sup>7</sup> What has really made bigness palatable more than anything else is the remarkable performance of the economy since the beginning of the Second World War. Something too must be credited to the emergence of countervailing bigness in government and labor, whose effects on public attitudes emerge clearly from the Michigan survey. Moreover, anyone who is aware of the historical circumstances under which hostility to big business flourished must be aware that big business has not lived up to the horrifying billing that it got in the age of the muckrakers. It is not merely that no business treats competitors today as they were treated in the early days of the National Cash Register Company or Standard Oil. What is important is that a whole range of fears that existed in the Progressive era, based largely upon a preoccupation with an unknown future, has vanished. We now live in that future, and although it has fears of its own—nightmarish beyond anything anticipated in the days of Bryan and Wilson—they are of a wholly different origin. Probably the worst of the Populist-Progressive nightmares was the notion—expressed in the Pujos Committee's inquiry, in Brandeis's *Other People's Money*, in Wilson's speeches, and in Jack London's *The Iron Heel*—of the formation, under the auspices of the investment bankers, of a giant syndicate, a combination of the combinations, which would rule the country with a tyrannical grip. The self-financing character of the great corporations, the survival of competition in investment banking, and the failure of investment banking to remain a power of the first order after the crash of 1929 have set this specter to rest.

If no sinister central syndicate had to be feared, it did at least seem reasonable at the turn of the century to anticipate a steadily growing concentration of industry that would even-

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<sup>7</sup> William H. Whyte, Jr., is eloquent on the failure of one such campaign in *Is Anybody Listening?* (New York, 1952).

tually deprive the country of every advantage of competition. And here, insofar as the antitrust enterprise was directed against size itself or against concentration, it was beaten before it ever got started; American industry was already highly concentrated in 1904, when T.R. was boasting about the lessons of the Northern Securities case. But insofar as the Progressives were worried about what the economists later came to call "workable competition" in industry, they might well have been reassured as time went on. The investigations of such economists as M. A. Adelman, G. Warren Nutter, and George J. Stigler have cast considerable doubt on the idea that either the scope of monopoly or the degree of concentration has, in fact, grown since early in the century. "The extent of concentration," Adelman concluded in an important study, "shows no tendency to grow, and it may possibly be declining. Any tendency either way, if it does exist, must be at the pace of a glacial drift."<sup>8</sup> Measuring monopoly is an undertaking of considerable complexity and the issues are controversial. But it is at least safe to say that no one who has due regard for the difficulties of the problem can any longer raise alarmist cries about the rapid growth of monopoly or concentration without flying in the face of much formidable testimony.

Another cause of concern, very real to many men in the

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<sup>8</sup> M. A. Adelman: "The Measurement of Industrial Concentration," *Review of Economics and Statistics*, XXXIII (November 1951), 269-96. See also the discussion by Adelman and others: *ibid.*, XXXIV (May 1952), 156 ff.; G. Warren Nutter: *The Extent of Enterprise Monopoly in the United States, 1899-1939* (Chicago, 1951); and George J. Stigler: *Five Lectures on Economic Problems* (London, 1949), pp. 46-65. However, on the identity of the largest firms and the mobility of firms into positions of leadership, see Norman R. Collins and Lee E. Preston: "The Size Structure of the Largest Industrial Firms," *American Economic Review*, LI (December 1961), 986-1003. Fritz Machlup: *The Political Economy of Monopoly* (Baltimore, 1952), pp. 469-528, is instructive on the difficulties of the subject. See also Edward S. Mason: *Economic Concentration and the Monopoly Problem* (New York: Atheneum ed., 1964), pp. 16-43.

Progressive era and rather quaint from today's perspective, had to do with the progress of industry. "Monopoly," warned Wilson in 1912, "always checks development, weighs down natural prosperity, pulls against natural advance." In the past, he said, competitive America had produced or developed the steamboat, the cotton gin, the sewing machine, the reaper, the typewriter, the electric light, and other great inventions, but the day was at hand when monopoly might end all this. "Do you know, have you had occasion to learn, that there is no hospitality for invention nowadays? There is no encouragement for you to set your wits at work. . . . The instinct of monopoly is against novelty, the tendency of monopoly is to keep in use the old thing, made in the old way." Only a restoration of freedom could unleash American inventiveness again: "Who can say what patents now lying, unrealized, in secret drawers and pigeonholes, will come to light, or what new inventions will astonish and bless us, when freedom is restored?"<sup>9</sup> To two generations that since 1912 have been astonished and blessed almost to death by inventions, such rhetoric can no longer be alarming or inspiring; it is merely a curiosity. Today the public needs no persuading that it is the large corporations, with their programs of research, that are technologically progressive. As Galbraith has remarked, the showpieces of American industrial progress are, in the main, those dominated by a handful of large firms, and "the foreign visitor, brought to the United States by the Economic Cooperation Administration, visits the same firms as do attorneys of the Department of Justice in their search for monopoly."<sup>11</sup>

Another typical fear expressed in Progressive writing was that the possibility of individual advancement would be

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<sup>9</sup> Wilson: op. cit., pp. 265-6, 270.

<sup>11</sup> John Kenneth Galbraith: *American Capitalism* (Boston, 1952), p. 96; cf. Joseph A. Schumpeter: *Capitalism, Socialism, and Democracy* (New York, 1947), pp. 81-2.

frozen out, that the upward social mobility that had refreshed and inspired American development in the past would come to an end, when the business of the country was fully dominated by the large corporation. I know of no very certain information on how the American public regards the prospects for social mobility today, although our concerted scramble for educational position and advantage suggests that the middle-class public, and even much of the working-class public, is rather well aware that mobility still exists; it is also aware of the educational machinery through which it can be pursued. What can be said with greater confidence is that informed observers no longer speak so glibly of the decline of mobility or opportunity.

Indeed, there is strong evidence that the opportunity of middle- or lower-class men to rise to top positions in business has somewhat increased over what it was fifty or sixty years ago,<sup>2</sup> and there is some reason to believe that the increase, or at least the persistence, of occupational opportunity has, in fact, impressed itself on the public mind. In fact, the modern corporation has proved to be a better medium for social mobility and opportunity than the old system of individual and family entrepreneurship, whose openness in this respect was always much exaggerated. Oddly enough, the concentration of capital and the divorce of ownership from the entrepreneurial function may prove in the long run to be more conducive to the lowering of social tensions and to political stability than diffused ownership.<sup>3</sup> The ways of achieving occupational advancement and economic success have

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<sup>2</sup> For a good review of the relevant findings, see Seymour M. Lipset and Reinhard Bendix: *Social Mobility in Industrial Society* (Berkeley and Los Angeles, 1960), Ch. 3.

<sup>3</sup> For a shrewd and heretical statement on the political and social effects of the large corporation, see M. A. Adelman: "Some Aspects of Corporate Enterprise," in Ralph Freeman (ed.): *Postwar Economic Trends in the United States* (New York, 1960), pp. 289-308.



changed; individual entrepreneurship is a much less sure and satisfactory path as compared with bureaucratic careers. The acquisition of specialized skills has become more important, and with it the seizure and exploitation of educational opportunities.

I do not mean to suggest that the old ideal of self-employment or the old confidence in the entrepreneurial path to success has been entirely abandoned in favor of the bureaucratic career. Although the incidence of self-employment and the number of those who actually live by the competitive ideal have shrunk very considerably in the three-quarters of a century since the Sherman Act, most of this is attributable to the numerical decline of family farmers, who in 1890 still comprised nearly half the population and today comprise about a tenth. The farmers, with their dependence on subsidies and government-administered prices, can hardly be looked upon any more as vigorous exponents of the competitive way of life. But the dream of self-employment that dominated the agrarian-entrepreneurial society of the nineteenth century is still alive. It has been estimated that about 20 to 30 per cent of the American working force has been at some time or other self-employed.<sup>4</sup> The growth of small businesses over the past dozen years or so has roughly kept pace in numbers with the growth of the adult population, and the aspirations of small business have been institutionalized in Senate and House committees as well as in some antitrust activities.

But although small business holds its place as an occupational segment of the economy itself, its role as a sector of society committed to the entrepreneurial ideal has declined. Small business can no longer be idealized for its independence and hardihood or its devotion to competitive principles. It, too, looks to government intervention for sustenance,

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<sup>4</sup> Lipset and Bendix: *op. cit.*, pp. 102-3.

whether in the form of resale price maintenance, anti-chain-store legislation, or the Small Business Administration. Small business, which used to be, as one writer put it,<sup>5</sup> “a symbol of opportunity, enterprise, innovation, and achievement” and of “an independent way of life,” has been driven largely into the marginal areas of economic life, where it often tries to maintain itself by waging its own assaults upon the competitive principle. Various segments of small business, in their pressure for support for the Robinson-Patman Act of 1936 and the Miller-Tydings Amendment of 1937, have shown how quickly they can be rallied against competition, when it impinges upon their own interests. Vigorous advocates of the Sherman and Clayton acts where big business is affected, they turn their backs on competitive virility when it suits their purposes. If there is anything rarer than a small-businessman who will question the merits of competition as a principle, it is one who can understand and abide competition when it really afflicts him as a fact.<sup>6</sup>

Not only can the small-businessman not purport, in the eyes of any well-informed observer, to be a vigorous and consistent exemplar of the competitive ideal; he can no longer be idealized by progressive-minded men from other walks of life, as he could, say, in the era when Woodrow Wilson waxed rhapsodical about the new men out of “unknown homes” who had really made America. In the United States and elsewhere, liberal intellectuals now cock a suspicious eye at him, if not as a potential stronghold of support for fascist movements, at least as the backbone of the reactionary wing of the Republican party. An occasional big-business leader

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<sup>5</sup> Theodore O. Yntema, in the Foreword to A. D. H. Kaplan: *Small Business: Its Place and Problems* (New York, 1948), p. vii.

<sup>6</sup> For an amusing illustration of this incomprehension of competition, see the testimony before the T.N.E.C., quoted in Lynch: *op. cit.*, pp. 155-6.

may stand out for his enlightenment and urbanity, as compared with the small-businessman, who more often than not proves to be a refractory anti-union employer, a parochial and archaic opponent of liberal ideas, a supporter of vigilante groups and of right-wing cranks.<sup>7</sup> As a figure in our economic society, the small-businessman still plays a part of some considerable importance, but as a partner in the American liberal coalition, he has all but disappeared, and with him has gone much of the pristine anti-bigness feeling of the Progressive tradition.

Still, the conviction that American democracy will survive only if small-business enterprise survives to sustain the American character has not disappeared. It has been inherited from the Progressives of yesterday by the conservatives of today. It appears to be, as we shall see, a conviction that flourishes less among the young than among the old, who are often troubled that they cannot persuade their juniors of its importance. "For the development of self-reliance," say two authors of a manual for small-business operation, "for making men as well as money, small business excels."<sup>8</sup> In 1936, when the Robinson-Patman Act was under consideration, this effort to underwrite the middleman was touted by the chairman of the House Committee on the Judiciary as a potential bulwark of the democratic order: "There are a great many people who feel that if we are to preserve democracy in government, in America, we have got to preserve a democracy in business operation. . . . We must make some effort to *maintain the yeomanry in business.*"<sup>9</sup>

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<sup>7</sup> On the politics of small business, which, of course, still has a liberal minority wing, see Bunzel: *op. cit.*, Ch. 5.

<sup>8</sup> Pearce C. Kelley and Kenneth Lawyer: *How to Organize and Operate a Small Business* (Englewood Cliffs, N. J., 1949), p. 11.

<sup>9</sup> Quoted in Merle Fainsod, Lincoln Gordon, and Joseph C. Palamountain, Jr.: *Government and the American Economy* (New York, 1959), p. 549; italics added.

During the 1940's and 1950's there was evidence of a widespread uneasy conviction that years of war, depression, and bureaucratic expansion had finally drained away the old regard for entrepreneurship among the young, and that the spirit that animated the old competitive ideal had finally succumbed to the world of the large corporation. The signs and portents are numerous, but a memorable article of 1949 in *Fortune* may be taken as a landmark. Surveying "The Class of '49," *Fortune's* editors pointed out that it was perhaps the most significant college graduating class in our history. It was one of the largest, most mature (with a high proportion of veterans) and responsible; but its distinguishing feature was its aversion to risk, its passion for security. "The class of '49," the editors reported, "wants to work for somebody else—preferably somebody big. No longer is small business the promised land. As for the idea of going into business for oneself, the idea is so seldom expressed as to seem an anachronism." Only in the Southwest, which seems socially and intellectually to lag behind the rest of the country, was there any sign of significant exceptions to this generalization. The generation which had been impressionable children during the depression and which had come of age in the shadow of the war rendered a firm verdict in favor of security, service, and the good life (measured in modest income expectations) rather than risk, self-assertion, and the big prizes. The emergent young man, the editors reported, "is not afraid of bigness; where his father of the twenties, fearful of anonymity, was repelled by hugeness in an organization, he is attracted."<sup>1</sup>

This was the response of a generation raised in an economy of giant corporations, educated very often in universities with thousands of students, disciplined by army life, and accustomed to the imperatives of organization, mass, and effi-

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<sup>1</sup> "The Class of '49," *Fortune* (June 1949), pp. 84-7.

ciency. No doubt they often saw in big businesses the promise of laboratories and market research to which the atmosphere of the universities had already accustomed them. Because of its army experiences, the class of 1949 may have been unusually security-minded, but there is no reason to doubt that its acceptance of large organization represented a secular trend. Not long after the *Fortune* piece appeared, the Youth Research Institute Survey put to 4,660 high school and college seniors, recent college graduates, and veterans the question: "Do you feel that you will be able to achieve all of your economic desires by working for someone else?" In reply, 61.1 per cent said yes, 20.4 per cent no, and 18.5 per cent were uncertain.<sup>2</sup> In his essay "The Found Generation," an analysis of the expressed life ideals of the class of 1955, David Riesman found not only a bland acceptance of the large corporation as a place in which to do one's life work but also a depressing complacency about the terms and rewards of the corporate life. The class of 1949 had at least been aware of making a somewhat difficult choice in which their individuality might be at stake. The class of 1955 took the bureaucratic career for granted.<sup>3</sup>

It is this acceptance of the bureaucratic career that, more than anything else, tells us why there is no longer an antitrust movement. It is far more revealing than the law cases or the books on the control of monopoly. It is also a perfect illustration of how the problems of yesterday are not solved but outgrown. Only a few people today are concerned about how to make the large corporations more competitive, but millions are concerned about how they are going to live inside the corporate framework. The existence and the workings of the

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<sup>2</sup> William H. Whyte, Jr.: *The Organization Man* (New York, 1957), p. 79 n.

<sup>3</sup> David Riesman: "The Found Generation," in *Abundance for What?* (New York, 1964), pp. 309-323.

corporations are largely accepted, and in the main they are assumed to be fundamentally benign. What is questioned, when anything is questioned, is matters of personal style: What can be salvaged, of either individualism or individuality, in an age in which the big corporation has become a way of life? It is this concern that marks the transition from an age in which *The Curse of Bigness* and *Other People's Money* voiced the prevailing anxieties to one in which everyone reads *The Lonely Crowd* and *The Organization Man*.

Long-prevailing systems of values do not usually go under without a fight, and along with the new acceptance there is a good deal of uneasiness about the corporate life. The young may be losing the concern of their elders with the virile prerogatives of enterprise. Certainly they are now much more disposed to ask of the economic order not whether it is raising a nation of enterprising and hardy men but more matter-of-factly whether it is maintaining an adequate level of employment and producing a sufficient increase in the Gross National Product. But there is also a persistent uneasiness, which has its manifestations both on the left and on the right. The left, if it can be called that, rebels in the name of nonconformity and opts out of the whole bourgeois world in the manner of the beatnik and the hipster. The right (in the manner of Barry Goldwater and his enthusiasts) rebels in the name of the older individualism, which believed that economic life should inculcate discipline and character. Though they would hate to admit it, they are both bedeviled in different ways by the same problem; each of them is trying to make its variety of nonconformism into a mass creed—which is a contradiction in terms. The beats opt out of corporate uniformity in their own uniforms and erect themselves into a stereotype. The right-wingers sing their praises of individualism in dreary, regimented choruses and applaud vigilantes who would kill every vestige of genuine dissent.

In politics, of course, it is the right-wingers who really

count—it is they who have the numbers, the money, the political leverage. They can also invoke the old American pieties and can appeal to the kind of old-fashioned American who believes that federal fiscal policy is just like the family budget. Much of our conservative writing echoes with concern over the decline of the older kind of economic morale, which it identifies with small entrepreneurship. But conservatives understandably fear to make the large corporation the object of their criticism; this smacks too much of subversion. They have a safer and more congenial outlet for their animus against the organization of modern life in the form of denunciations of big government. In this way, the large corporation escapes its proper share of odium. But, historically, it was the giant corporation far more than government policy that eclipsed the old-fashioned economic morality.

Here conservatives and liberals have all but reversed their former positions. In the main it is conservatives who are disgruntled with the style of contemporary economic life, while liberals complete the paradox by springing to its defense and, in particular, to the defense of bigness. As we have seen, there were always a number of Progressive intellectuals who preferred to accept corporate organization and to whom the possibilities of rationalization and order were more appealing than the competitive ideal. Today it is men of such views who seem to have inherited what is left of American liberalism. Of course, big business still holds a place as a negative symbol in the liberal creed, and the liberal creed still gives a certain ritualistic compliance to the anti-big-business sentiment that was once very close to the heart of progressivism. But by and large, as Carl Kaysen has remarked, “today’s liberals have abandoned the symbol of competition without much struggle.”<sup>4</sup>

Some of the most striking efforts to reconcile us to the

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<sup>4</sup> Carl Kaysen: “Big Business and the Liberals, Then and Now,” *The New Republic* (November 22, 1954), pp. 118–19.

business structure have been written in recent years by liberals who derive from the New Deal tradition. If, in 1953, one read a paean to big business asserting, among other things, that the emotional antagonism to which it was subject was based on “abuses long since corrected”; that the big-business leader is “a man with a strong and practical sense of responsibility to the public, and an awareness of the ethics of present-day business competition”; that “big business has performed economic wonders with one hand tied behind its back”; that it has actually increased competition and multiplied small enterprises; that “size is our greatest single functional asset”; that big business nourishes diversity; that “we are living in what is probably the most highly competitive society men have ever known”; that big-business research has multiplied opportunities for small-business enterprise; that ill-considered antitrust prosecutions have “grave implications for national security”; and that “in Bigness we have the material foundation of a society which can further the highest values known to men, values we describe as spiritual”<sup>5</sup>—one no longer expected to find that one had been reading a speech by a General Motors or A. T. & T. director and was not at all surprised to learn that the author was David E. Lilienthal, once one of the most outspoken democratic idealists of the New Deal bureaucracy and a former disciple of Brandeis.

Lilienthal’s innocent rhapsodies to big business may perhaps be taken as the effusions of one who had been reshaped by his experiences in giant public enterprises like the T.V.A. and the A.E.C.<sup>6</sup> But there is also A. A. Berle, Jr., another New Dealer, who held his first job in Brandeis’s office and whose

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<sup>5</sup> David E. Lilienthal: *Big Business: A New Era* (New York, 1953), pp. 5, 7, 27, 33, 36, 47, 190, and passim.

<sup>6</sup> For critiques, see Lee Loevinger: “Antitrust and the New Economics,” *Minnesota Law Review*, XXXVII (June 1953), 505–68, and Edward S. Mason: *Economic Concentration and the Monopoly Problem* (Cambridge, Mass., 1957), pp. 371–81.



public career was marked by friendships with Robert La Follette, George Norris, and Franklin D. Roosevelt. In his most recent works Berle has been speculating about the possible development of a corporate conscience and arguing that the contemporary business power system is governed by public consensus. In his *Power Without Property* he urged liberals to reconsider their former, and historically justified, antipathy to big business and to judge it in the light of its achievements in increasing income and distributing property.<sup>7</sup> Finally, there is John Kenneth Galbraith, whose book *American Capitalism* has probably done as much as any other work to reconcile the contemporary liberal mind to the diminished role of competition as a force in modern economic society by offering, as an alternative account of the mechanism by which market power is controlled in the public interest, the principle of countervailing power. Of course, neither Berle nor Galbraith advocates doing away with the antitrust laws—Galbraith, in fact, argues that, in the main, federal antitrust policies have helped to produce countervailing power, where it has not emerged spontaneously<sup>8</sup>—but the net effect of their view of our society is to lower the premium on competition and to turn attention to other economic and social mechanisms that promise to control excessive market power.

To be sure, liberal intellectuals have not ceased to be critical of business civilization or, on occasion, of big business. But a variety of other issues—foreign policy, urban development, civil rights, education, and the like—have become more central, and where these issues are concerned, liberals do not always find themselves in a simple antagonistic confrontation with big business, as they did in the past. Their criticisms of business civilization now rest more on cultural than economic

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<sup>7</sup> A. A. Berle, Jr.: *Power Without Property* (New York, 1959), pp. 11–16.

<sup>8</sup> Galbraith: *op. cit.*, p. 151.

grounds. The last thing they are interested in is the restoration of competition as the solution to the evils that they see.<sup>9</sup> Even a scandal like the General Electric affair, although it confirms their view of what may be expected from businessmen, no longer excites them very much. In short, that “gale of creative destruction” about which Joseph Schumpeter wrote so eloquently, when he described the progressive character of capitalist technology, has driven both the liberal and the conservative ideologies before it.

## V

IT IS EASIER to account for the decline of the antitrust movement as a matter of public sentiment than it is to explain the persistence and growth of the antitrust enterprise as a legal and administrative fact. But the fate of antitrust is an excellent illustration of how a public ideal, vaguely formulated and often hopelessly at odds with stubborn realities, can become embodied in institutions with elaborate, self-preserving rules and procedures, a defensible function, and an equally stubborn capacity for survival. Institutions are commonly less fragile than creeds.

The antitrust revival originated in the closing phases of the New Deal. It was a response to the recession of 1937–8, which itself brought about a crisis in the thinking and the political strategy of the New Dealers. The recession gave to the Brandeis liberals, who had always been present in New Deal councils, a chance to reassert their ideas about competition and their suspicion of big business. In 1934, long before

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<sup>9</sup> Nor are contemporary radicals. The most full-throated indictment of the ruling element in big business that has been written in our time, C. Wright Mills's *The Power Elite*, does not concern itself even fleetingly with the problem of market power. The Sherman and Clayton acts are not listed in its index.

the cartelization of the N.R.A. was abandoned, the economist Gardiner C. Means, then economic adviser to the Secretary of Agriculture, had prepared a memorandum on administered prices that provided the economic rationale for a new approach to the depression. Early in 1935 this memorandum was published by the Senate.<sup>1</sup> Means contrasted market prices, which were made and remade in the market as the result of interactions between buyers and sellers in the fashion of traditional economic theory, with administered prices, which were set by administrative action and held constant for a considerable period of time. Market prices are flexible and respond readily to a fall in demand; administered prices are rigid. Means considered the disparity between flexible and rigid prices to be an important aggravating force in the depression. Although he did not identify administered prices with monopoly, he focused attention once again on those industries in which market power was sufficiently concentrated to make administered prices possible. Some of his contemporaries seized upon the conception as a rationale for stepping up anti-trust activity, and Franklin D. Roosevelt invoked it in his message of 1938, calling for the creation of the T.N.E.C. At the same time, other New Deal theorists, notably Assistant Attorney General Robert Jackson, who was then head of the Antitrust Division of the Department of Justice, and Secretary of the Interior Harold L. Ickes, became convinced that

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<sup>1</sup> Gardiner C. Means: *Industrial Prices and Their Relative Inflexibility*, Senate Document No. 13, 74th Cong., 1st sess. Parts of this document, along with later papers on the same theme, are reprinted in Means's *The Corporate Revolution in America* (New York, 1962). For a critique and some reflections on later interest in the theory, see Richard Ruggles: "The Nature of Price Flexibility and the Determinants of Relative Price Changes in the Economy," in *Business Concentration and Price Policy* (Princeton, 1955), esp. pp. 443-64, and the conflicting views expressed by economists before the Kefauver Committee: *Administered Prices*, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate (Washington, 1957).

the organized power of big business was attempting to sabotage reform through a "strike of capital" and that a new assault on business power must be undertaken as a basis for further attempts at recovery. The old argument that business power was a threat to democratic government itself thus entered into Roosevelt's T.N.E.C. message.

The new attack on business power took two forms; the first was the elaborate, if inconclusive, T.N.E.C. investigation, which yielded a mass of factual information, much of it new, but no programmatic proposals in which the investigators themselves had any confidence.<sup>2</sup> The second was the stepping up of antitrust activity under the leadership of Thurman Arnold, the new chief of the Antitrust Division. Congress doubled appropriations for Arnold's division in 1939 and then doubled them again in 1940. Between 1938 and 1943 its staff grew almost fivefold.

In retrospect it is instructive to see what results came from uncertain and, at times, ill-considered beginnings. Today the Jackson-Ickes view of the recession seems quite partisan and fanciful; the T.N.E.C. investigation, for all the information it gathered, was from a pragmatic point of view a fiasco; the value of Means's emphasis on administered prices is highly controversial among economists; and Thurman Arnold's experiment with antitrust enforcement can be judged, at least from one angle of vision, a substantial failure. And yet, as in the case of so many of the gropings of the New Deal, there

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<sup>2</sup> Early in its *Final Report* (p. 4), the Committee confessed that its members "are not rash enough to believe that they can lay down a program which will solve the great problems that beset the world, but they are convinced that the information which this committee has assembled, when eventually properly analyzed and disseminated, will enable the people of America to know what must be done if human freedom is to be preserved." In short, the Committee did not know what precisely to make of its own data but hoped that in due time the public would. See the penetrating critique by two members, Isador Lubin and Leon Henderson: *ibid.*, pp. 51-2.

was a valuable outcome, which in this case can best be got at by looking at the core of success wrapped up in Thurman Arnold's frustration.

Arnold's story is replete with ironies. He had written of the antitrust enterprise with a devastating note of mockery, and the appointment of a man with such views, especially by an administration that had only recently resorted to the wholesale cartelization of the N.R.A., was looked at askance by antitrust-minded senators as a possible effort to sabotage the Antitrust Division. But Arnold proceeded to recruit and inspire a splendid staff and to rehabilitate the entire antitrust function. His goal was not to attack bigness or efficient mass production or efficient marketing, but rather to discipline the pricing policies of business at the vital points where abuses seemed most important. Antitrust was thus to become an instrument of social and economic policy, aimed to stop firms from setting prices above reasonable levels, to prevent businesses from holding new processes off the market, and to reduce unemployment. All this was to be achieved not so much by isolated cases or by responding to this or that complaint, but rather by systematic action against whole industries—motion pictures, petroleum, radio broadcasting, drugs, housing.

From a short-run point of view, Arnold's regime could be judged a failure. His program for housing was spiked when the Supreme Court made it impossible to act effectively against the labor unions, which constituted a linchpin of restraint of trade in that industry; his plan for the food industry lost its point during the war; his program for transportation was put off by the War Production Board.<sup>3</sup> He could not wholly reform a single industry, much less bring about important general structural changes in the economy. And yet he

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<sup>3</sup> See Corwin D. Edwards: "Thurman Arnold and the Antitrust Laws," *Political Science Quarterly*, LVII (September 1943), 338-55.

succeeded in demonstrating the usefulness of the antitrust laws. In actually *using* the Sherman Act, thanks to the enlarged staff that Congress had given him, he showed for the first time what it could and could not do. Although it could not alter the fundamental character of the economy or make it less liable to cyclical instability (as Arnold had promised it would in his book *The Bottlenecks of Business*), it could significantly affect the conduct of business within the framework of the existing structure. Arnold's division soon won a number of decisions from the courts—particularly in the Alcoa case of 1945 and the American Tobacco case of the following year—which opened new possibilities for enforcement. It won from Congress a permanent reversal of the former policy of niggardly support. And finally, it put the antitrust enterprise on such a footing that it could flourish under both Democratic and Republican regimes.

The return of the Republicans under Eisenhower did not bring a remission of efforts to use the Sherman Act or a retrenchment of the Antitrust Division. Instead, the Eisenhower administration set up the Attorney General's National Committee to Study the Antitrust Laws, which in 1955 returned a unanimous judgment in favor of antitrust policy and of the current state of case law, under which enforcement had been tightened. Although the Committee did not make any dramatic recommendations for more rigorous enforcement, the effect of its work was to reaffirm the bipartisan character of the antitrust commitment by ratifying the achievements of Democratic administrations in the preceding fifteen years.<sup>4</sup> Nor should we forget that the most spectacular and revealing case involving a criminal price conspiracy—the General Electric case—took place during the Eisenhower administration.

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<sup>4</sup> *Report of the Attorney General's National Committee to Study the Antitrust Laws* (Washington, 1955). For a critique, see Mason: *op. cit.*, pp. 389-401.

What makes it possible to institutionalize antitrust activities at the higher plateau that has been maintained since 1938 is not a consensus among economists as to its utility in enhancing economic efficiency, but a rough consensus in society at large as to its value in curbing the dangers of excessive market power. As in the beginning, it is based on a political and moral judgment rather than economic measurement or even distinctively economic criteria. "It must be recognized," says Edward S. Mason, "that there is an element of faith in the proposition that maintaining competition substantially improves the efficiency of resource use." The option for a minimal level of competition to be underwritten by public policy, although it can be backed by substantial economic arguments, "rests basically on a political judgment," write Carl Kaysen and Donald F. Turner in their inquiry into trust policy: "In our democratic, egalitarian society, large areas of uncontrolled private power are not tolerated." "We found," write J. B. Dirlam and A. E. Kahn in their book *Fair Competition*, "that the decisions [of courts and commissions] could not be fully understood or fairly appraised by economic standards alone. Hence we concluded that the appropriate question for economists to ask about antitrust policy is not whether this is the most efficient way of structuring or reorganizing the economy, but the inverted one: Does antitrust seriously interfere with the requirements of efficiency?" "The rationale of antitrust," writes A. D. Neale, a British student of the American experience, "is essentially a desire to provide legal checks to restrain economic power and is not a pursuit of efficiency as such." "For most Americans," concludes John Kenneth Galbraith, "free competition, so called, has for long been a political rather than an economic concept."<sup>5</sup>

In any case, the state of antitrust enforcement seems to

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<sup>5</sup> Edward S. Mason in the Preface to Carl Kaysen and Donald B. Turner: *Antitrust Policy* (Cambridge, Mass., 1960), p. xx; *ibid.*, p. 5;

PART II: *Some Problems of the Modern Era*

correspond with a public consensus. Economists and lawyers differ profoundly on how effective the antitrust laws have been and on how effective they could be if they were more amply enforced,<sup>6</sup> but there is hardly a major industry that has not seen a significant lawsuit or two, and in most industries in which intervention might be thought desirable, government action has had more than negligible effects.<sup>7</sup> It is also one of the strengths of antitrust that neither its effectiveness nor its ineffectiveness can be precisely documented; its consequences rest on events of unknown number and significance that have *not* happened—on proposed mergers that may have died in the offices of corporation counsel, on collusive agreements that have never been consummated, on unfair practices contemplated but never carried out. Liberals can support it because they retain their old suspicion of business behavior, and conservatives support it because they still believe in competition and they may hope to gain an additional point of leverage in the battle against inflation. No one seems prepared to suggest that the antitrust enterprise be cut back drastically, much less abandoned, and Congress has consistently supported its enlarged staff. The existing state of enforcement conforms to the state of the public mind, which accepts bigness but continues to distrust business morals. Even business itself accords to the principle of antitrust a certain grudging and irritated acceptance, and largely confines its resistance to the courts. Visitations by the Department of Justice are a nuisance, lawsuits are expensive, and prosecution carries an

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J. B. Dirlam and A. E. Kahn: *Fair Competition* (Ithaca, 1954), p. 2; A. D. Neale: *The Antitrust Laws of the U.S.A.* (Cambridge, Eng., 1962), p. 487; Galbraith: *op. cit.*, p. 27.

<sup>6</sup> See, for example, the symposium in Dexter M. Keezer (ed.): "The Effectiveness of the Federal Antitrust Laws," *American Economic Review*, XXXIX (June 1949), 689-724.

<sup>7</sup> See the industry-by-industry survey in Simon N. Whitney: *Antitrust Policies: American Experience in Twenty Industries*, 2 vols. (New York 1958).



odious stigma, but the antitrust procedures can be considered an alternative to more obtrusive regulation such as outright controls on prices. At any rate, big business has never found it necessary or expedient to launch a public campaign against antitrust enforcement; the pieties at stake are too deep to risk touching.

A final element in antitrust enforcement rests on the fact that the government itself is now a major consumer, and the points of exposure of industrial prices to official concern and reaction have been multiplied. One of the reasons for the antitrust revival in 1938 was the irritation of government officials over the prevalence of what seemed to be collusively priced bids. Thurman Arnold's hope that consumers could be mobilized behind the new antitrust enforcement was out of keeping with the historical passivity and disorganization of American consumers. But the presence of the government as a consumer may supply some of the leverage he was looking for.

Antitrust reform is not the first reform in American history whose effectiveness depended less upon a broad movement of militant mass sentiment than upon the activities of a small group of influential and deeply concerned specialists. In ceasing to be largely an ideology and becoming largely a technique, antitrust has taken its place among a great many other elements of our society that have become differentiated, specialized, and bureaucratized. Since no layman can any longer concern himself with the enormous body of relevant case law or with the truly formidable literature of economic analysis and argument that has come to surround the issue, the potentialities of antitrust action have become almost exclusively the concern of a technical elite of lawyers and economists. Indeed, the business of studying, attacking, defending, and evaluating oligopolistic behavior and its regulation has become one of our lively small industries, which gives employment to many gifted professional men. No doubt this is another, if

lesser, reason why antitrust has become self-sustaining: it is not our way to liquidate an industry in which so many have a stake.

If all this is taken as the preface to some unduly optimistic conclusion, my intention will have been misunderstood. My concern is not to suggest that the old problem of market power is on the verge of being solved; it is merely to illustrate how expectations and creeds can change, and how a particular reform, after two generations of noisy but seemingly futile agitation, has been quietly and effectively institutionalized. But it is one thing to say that antitrust has at last begun to fulfill a function, and another to forget how modest that function is. Although the full range of evils anticipated seventy-five years ago from concentration and monopoly has not materialized, the traditional American fear of concentrated power seems hardly less pertinent today. The American economy, whether or not its concentration is still significantly increasing, is extremely concentrated as it stands, and its business structure has brought into being a managerial class of immense social and political as well as market power. This class is by no means evil or sinister in its intentions, but its human limitations often seem even more impressive than the range of its powers, and under modern conditions we have a right to ask again whether we can ever create enough checks to restrain it. The economy over which it presides has had remarkable successes in increasing its production of goods and services, and yet the urban mass society in which these are produced is still not freed from widespread poverty and impresses us again and again with the deepness of its malaise, the range of its problems that stand unsolved, even in some cases pitifully untried. Today our greatest domestic danger lies not in our failure to produce enough goods because we do not have enough competition, but in our failure to render certain

humane, healing, humanly productive and restorative social services that are not comprehended at all in the ethos of competition. At its best, big business will not perform such services. At its worst, it can sustain a class of men who will prevent them from being performed.