**DRAFT – PLEASE DO NOT CITE OR CIRUCLATE**

**“What Happened to the Antitrust Movement?”:**

**The Kefauver Committee and the Lost Politics of Inflation in the New Deal Order**

Estes Kefauver was probably the only Southern Democrat in the Jim Crow era that could count a Trotskyist intellectual among his most ardent supporters. The last book published by Harvey Swados, a onetime member of Max Schactman’s Workers’ Party, was a biography of the Tennessee Senator, *Standing Up For The People: The Life and Work of Estes Kefauver*. This was “a man of rare quality,” Swados wrote in 1972, a decade after the Senator’s death, “whose twenty-five years of public life were spent not strutting in the limelight, nor in enriching himself, but in fighting for causes that are far more significant to us today than they were in Estes Kefauver’s time.” “His painstaking exposures of the greed and folly” of the steel, automotive, and pharmaceutical industries, he continued, “made him a man uniquely trusted by millions, with countless admirers among the poor and powerless.”[[1]](#endnote-1)

In the 1950s, Kefauver was as close to a household name as one could get in American politics. An early star of television after leading a nationally-broadcast, two-year series of hearings into organized crime – which pitted the bespectacled Yale Law graduate against the likes of notorious gangster Frank Costello – Kefauver also bested John F. Kennedy for the 1956 Vice Presidential nomination.[[2]](#endnote-2) What endeared him to Swados, however, was the more mundane – his unremitting concern with the level of concentration in the American economy. And the odd pairing around this “problem of monopoly” – between a white son of the South and a Jewish labor radical – was representative of something larger.[[3]](#endnote-3)

From the 1930s into the 1970s, the social power wielded by the modern business corporation drew renewed concern from a range of intellectuals, trade unionists, consumers, and policymakers.[[4]](#endnote-4) Indeed, if the decade after the Great Crash is best remembered as the time when John Maynard Keynes attached his name to the mantra of economic growth, those were also the years when a global network of heterodox thinkers became captivated by just the opposite – the prospect of permanent stagnation.[[5]](#endnote-5) The first was probably unthinkable without the second, and central to this bleak picture was the corporation. Whatever differences their contents contained, which could be many, prominent titles including such formulations as “imperfect competition,” “monopolistic competition,” and, later, “maturity and stagnation” and “monopoly capitalism” shared this much: belief that market power had become at least as important as market forces in guiding the course of economic activity.[[6]](#endnote-6)

In the United States, Adolf Berle and Gardiner Means’s 1932 study, *The Modern Corporation and Private Property*, provided the most empirically rigorous expression of this line of thinking.[[7]](#endnote-7) An instant classic that became something of a bible for the swelling cohort of left-leaning New Dealers alarmed by what appeared to be the structural failure of the American economy, Berle and Means’s argument about the “separation of ownership and control” in the modern corporation was more than a work of social scientific scholarship. Its illuminating display of the social character of the200 corporations that by their estimate controlled nearly half the nation’s wealth gave force to the “post-capitalist vision” that Howard Brick has argued loomed so large in twentieth-century U.S. social thought.[[8]](#endnote-8)

If these were progressive ideas, however, the same cannot be said about all of those politicians who responded favorably to them. Indeed, the legislative history of curtailments on corporate power is replete with sponsors from below the Mason-Dixon line – Carter Glass of Alabama, John Miller and Joseph Robinson of Arkansas, Wright Patman of Texas, and Estes Kefauver.[[9]](#endnote-9) As Ira Katznelson and others have shown, white supremacy had always informed how these Southern populists engaged with the New Deal, and the racial stratification built into the resultant welfare state was largely their creation.[[10]](#endnote-10) To be sure, Kefauver was a “racial moderate” who supported abolition of the filibuster and poll tax and was one of only three southern Senators who refused to sign the Southern Manifesto, a 1956 declaration of resistance to the *Brown* v. *Board of Education* ruling*.*  But he still defended segregation until *Brown*, opposed the Fair Employment Practices Commission, and voted for the Civil Rights Acts of 1957 and 1960 only after working to dilute the power of each.[[11]](#endnote-11)

The Tennessean thus embodied both the promise and the contradictions existing within the mid-century anti-monopoly orbit. In early 1957, an unexpected death and some reshuffling in Democratic Party ranks left Kefauver as Chair of the Senate Subcommittee on Antitrust and Monopoly, a position he would occupy for the remainder of his life. The timing was significant. That summer, with an unstable economy teetering on the brink of contraction, U.S. Steel announced a substantial, across the board price increase. The remainder of the industry soon followed suit. The economic slowdown had itself resulted from the tight monetary policy deployed by the Federal Reserve to check a “creeping inflation” that began in 1956, and the steel action thus raised serious questions about the efficacy of the central bank’s approach. Seen as the nation’s most “fundamental” industry, steel pricing and investment practices had long been subject to political scrutiny – as recently as 1952, the Truman administration moved, unsuccessfully, to nationalize the country’s steel capacity in response to industry executives’ refusal to abide by a price edict from the Korean War economic controls board.[[12]](#endnote-12) If at that time steel executives could justify their intransigence by asserting the superiority of the free market over government control, the 1957 price hike seemed to prove that Big Steel might well be stronger than the state itself. To Kefauver, it suggested that the power wielded by corporations like U.S. Steel could be responsible for what had become the country’s “No. 1 domestic economic problem – the problem of inflation.”[[13]](#endnote-13) Increases in the cost-of-living during periods of strong growth could be taxing, but they were at least comprehensible. In 1957, however, the U.S. economy was sluggish at its best, sinking that year into the third recession since V-J Day and the worst downturn since 1937. Yet the price level continued to climb, creating a kind of “new inflation” for which conventional wisdom had no explanation.[[14]](#endnote-14) This “new inflation” was the first manifestation of the phenomenon, later called stagflation, that would bedevil liberals and social democrats around the industrial world in the 1970s.[[15]](#endnote-15)

Kefauver promptly announced that his Subcommittee would conduct an investigation into the issue, focusing in particular on the impact of “administered prices” on American industry.[[16]](#endnote-16) He took the term from Gardiner Means, who had coined it more than twenty years earlier in a memo circulated around Henry Wallace’s Department of Agriculture and later published by the Senate. The 38-page *Industrial Prices and their Relative Inflexibility* may not have been as commercially viable as *The Modern Corporation*, but it was cut from the same cloth.[[17]](#endnote-17) In it, Means moved from establishing the reality of corporate power to analyzing the structural impact thereof. Whereas those committed to a “policy of laissez faire” held that prices were constantly “made in the market as the result of the interaction of buyers and sellers,” Means began, administered prices were “rigid, at least for a period of time, and sales (and usually production) fluctuate with the demand at the rigid price.”[[18]](#endnote-18) The implied peril was grave – in the face of low demand, firms in administered industries were likely to cut production, and thus employment, while keeping prices fixed. This would only further depress demand, leading to further cuts in production, and so on. Indeed, Means showed how industries with high levels of concentration had behaved just that way during the depths of the Depression, a sharp contrast to the price volatility seen in competitive agricultural markets. The price mechanism, in other words, could not be relied upon to adjust supply and demand into an output maximizing equilibrium.[[19]](#endnote-19) This simple observation – so simple that his Harvard PhD committee deemed it the work of an empiricist and initially refused to sign off on it for lack of theoretical sophistication – would preoccupy Means for the remainder of his professional career.[[20]](#endnote-20)

From the outset, Means made sure to qualify his argument by noting that “[a]dministered pricing should not be confused with monopoly.”[[21]](#endnote-21) Nor was the practice necessarily pernicious. It stemmed from the “shift from market to administrative coordination of economic activity,” one that “made possible tremendous increases in the efficiency of industrial production” but which also “by its nature destroyed the free market and disrupted the operations of the law of supply and demand in a great many industries and for the economy as a whole.”[[22]](#endnote-22) Still, the tendency was exogenous rather than endogenous to those “great administrative units – our great corporations” – it resulted from social and economic development rather than corporate malfeasance and greed.[[23]](#endnote-23) The point was more than academic, for it led Means to conclude that the solution lay not in antitrust prosecution, but in planning. “Few realize the extent to which it would be necessary to pulverize industry,” he observed, nor appreciate “the loss of efficiency which it would entail,” to break up the great corporations. He ended the short document by sketching the outlines of an “industrial policy,” and then migrated to the epicenter of the New Deal planning impulse, the National Resources Committee (NRC) – which later became the National Resources Planning Board (NRPB) – to expand upon it.

As Research Director of the NRC Industrial Section, Means oversaw the preparation of a series of monumental publications that advanced nothing short of a social democratic vision - the spirit was perhaps best summarized by the title of a 1939 book published by Means’s associate from Agriculture, Mordecai Ezekiel’s *Jobs for All, Through Industrial Expansion*.[[24]](#endnote-24) In Washington Means also found time to teach a course in the Department of Economics at American University, through which he encountered a most precocious graduate student, John Malcolm Blair.[[25]](#endnote-25) Two decades later Kefauver would recruit Blair to spearhead the investigation into administered prices, but at the time the twenty-three year-old was months away from publishing his first of several books, *Seeds of Destruction: A Study in the Functional Weakness of Capitalism*. Though he wrote it before having had the privilege of reading Keynes’s *General Theory*, Blair was not being immodest when he later described the work as an attempt to relate “institutionalism to the subject matter of all that now goes under the banner of Keynesian economics.”[[26]](#endnote-26) A proud student of the German tradition of historical economics and an admirer of Thorstein Veblen, his study drew on a wealth of statistical data to analyze the consequences that intensifying economic concentration and centralization had and would continue to have on pricing, production, and, above all, purchasing power.[[27]](#endnote-27) Blair’s conclusions were predictably grim, and, like his mentor, his proposals ended with a call for national planning of production and pricing by a strong regulatory regime.[[28]](#endnote-28) That Blair opened by expressing a debt of gratitude to the labor intellectuals W. Jett Lauck and Robert Nathan – the former a seasoned veteran of the United Mine Workers, the latter a liberal economist who in 1947 would write a major report for the CIO on the urgent need for wage growth with price control – testified to the modernity of the young economist’s anti-monopolism.[[29]](#endnote-29)

Still well under thirty and without a PhD in hand, Blair then took a job with the Temporary National Economic Committee (TNEC). The TNEC is best remembered as a hotbed of New Deal trust-busting, but its greatest legacy was in fact the staggering amount of data on economic structure its study papers and monographs compiled – Blair authored its famous report on steel.[[30]](#endnote-30) He next passed through the War Production Board (writing another report on steel), en route to the Smaller War Plants Corporation, an under-appreciated incubator of heterodox thought within the wartime government where, among other things, he recruited C. Wright Mills – then a rather unknown assistant professor at the University of Maryland – to prepare a study exploring the harm economic concentration inflicted on “civic welfare.”[[31]](#endnote-31) Blair would remain a close acquaintance and vocal champion of Mills until the radical sociologist’s untimely death a decade later. In 1956, he even challenged the incoming President of the American Economics Association to include a panel showcasing Mills’s soon to be released *The Power Elite* andDavid Riesman’s *The Lonely Crowd* at the organization’s annual convention in the hope that it might “awaken particularly the minds of our younger brethren to the existence of paths to truth other than those of [MIT economist Paul] Samuelson et al.”[[32]](#endnote-32)

Blair’s career reached its pinnacle when he became Chief Economist of the Kefauver-led Subcommittee on Antitrust and Monopoly in 1957. The investigation into administered prices that began soon after his arrival would continue for the next four years, interrogating into the structure, pricing patterns, and marketing practices of industries ranging from steel to sliced bread. In its course, it drew some of the most prominent corporate officials and many more professional economists to Washington for questioning, leaving behind twenty-nine volumes of hearings and five official reports which ran some 20,000 pages in total. Ironically, the investigation’s most celebrated legacy had little to do with prices. Its 1960 probe into the pharmaceutical industry coincided with a public panic over the drug Thalidomide – which, although not yet released in the U.S., had elsewhere been shown to cause birth defects – and resulted in the 1962 passage of the Kefauver-Harris amendment to the Food and Drug Act, expanding the province of the FDA and mandating disclosure of side effects in advertisements. The Subcommittee’s sole legislative achievement, it has also been the subject of most scholarly consideration of the body.[[33]](#endnote-33)

The genesis of the investigation into administered prices itself, however, as well as the opening inquiries into the iconic steel and automotive industries, were no less consequential. Having begun amid the economic malaise of 1957-1958 – something of a dress rehearsal for stagflation – the hearings testified to the durability of an ecumenical anti-monopoly tradition well into the postwar period, one that figured centrally in left-liberal efforts to confront their most vexatious political economic challenges – most of all inflation. To be sure, the 1950s “new inflation” was modest relative to the 1970s iteration – between early 1957 and the summer of 1958, consumer prices rose at an annualized rate of just above 3% while unemployment increased from around 4% to 7.5%.[[34]](#endnote-34) In comparison, during the 1970s both of these indices approached the double figures. Most scholars who have concerned themselves with the history of inflation in the twentieth-century U.S. therefore focus on the crisis-ridden 1970s, when a discredited New Deal liberalism gave way to an ascendant conservative movement, one ultimately consolidated by Paul Volcker’s Federal Reserve and Ronald Reagan’s White House.[[35]](#endnote-35)

But the politics of inflation in the twentieth-century United States were about more than just magnitude.[[36]](#endnote-36) Indeed, the specter of inflation had always expressed a central tension in the New Deal coalition, the “permanent dilemma” confronting those seeking to bolster the foundations of postwar liberalism with a healthy, growing economy.[[37]](#endnote-37) The prospects for such growth liberalism were understood to depend upon the existence of a population armed with strong purchasing power and oriented towards mass consumption, something that could be achieved only through full-employment of a well-paid working-class and a welfare state capable of mitigating the hardships imposed on those shut out of the world of formal work.[[38]](#endnote-38)

Both of these prerequisites had inflationary pitfalls. Without state regulation of prices, firms would have little trouble passing labor costs on to consumers, while the federal deficits needed to shore up the safety net threatened to perennially depreciate the dollar. Under the postwar regime of fixed exchange rates undergirded by the dollar, moreover, the imperative of inflation control in the U.S. took on global proportions.[[39]](#endnote-39) Whatever the state of the economy, then, upswing or downturn, concern about inflation delimited the parameters within which postwar liberals conceived of the politically possible. Any permanent resolution of the inflation question would have tremendous distributive implications – nothing less was involved than how the national income ought to be split, between capitalists big and small, the workers they employed, and the consumers to whom they sold. That is, if as the Cambridge economist Joan Robinson put it, “inflation is an expression of class struggle,” so too was the process of setting the terms of debate for responding to it.[[40]](#endnote-40) How it would be resolved depended on how it was defined, and in that struggle the Kefauver Committee’s revival of the administered prices played an important role.

Perhaps because these early administered price hearings into heavy industry ultimately bore no legislative fruit, scholars of American capitalism have largely dismissed them as either a fleeting expression of latter day populism or the last gasp of a New Deal structuralism that had long since been in eclipse.[[41]](#endnote-41) Such portrayals, however, largely derive from the narrative of declension that too often conditions reflection on the course of twentieth-century liberalism, and they thus foreclose avenues for debate on what was imaginable in the postwar United States. In one telling, the struggle for the soul of New Deal liberalism that raged between planners, anti-trusters, and all manner of reformers during the 1930s and into World War II ended with the triumph of a conservative, commercial Keynesianism – from then, economic structure was out, aggregate demand management was in. The immediate postwar demise of both the Office of Price Administration and the Full Employment Act sealed the fate of an American social democracy, and when the largest strike wave in U.S. history convulsed the nation immediately thereafter it ended in disaster. Led by UAW leader Walter Reuther’s famous demand that GM grant an almost 20% wage increase with no adjustment in the price of a car, it was an essentially political upheaval and its failure brought like consequences. The CIO took the blame for initiating a destructive wage-price spiral after inflation soared to the highest level ever recorded in the U.S., and the Republican Party swept the 1946 midterms, paving the way for the Taft-Hartley Act. Thus confined to bargaining at the firm level, the political imagination that had once inspired the industrial union movement grew susceptible to atrophy. Labor power came to signify price increases rather than social transformation, and shortsighted union leaders deserved no small amount of blame for that impression.[[42]](#endnote-42)

The investigation into administered prices presents a conjuncture through which to assess this history from a different perspective. For one, the “institutionalism” that animated the hearings suggests that “commercial Keynesianism” hardly enjoyed hegemony within the federal government in the decades following World War II. Indeed, the federal government, as an employer, was itself an important site in the production of a wide range of economic knowledge. Moreover, while the Subcommittee may have been no substitute for a national economic planning body, the questions it explored and the way it did so indicates that the New Deal planning spirit had yet to be extinguished. Finally, the enthusiasm with which the industrial union movement greeted Kefauver’s campaign suggests that postwar labor relations involved more than privatized collective bargaining – through inflation, the workplace was always politicized.[[43]](#endnote-43) Perhaps this is the reason Richard Hofstadter failed to mention the Kefauver Committee on Antitrust and Monopoly in his important 1964 essay, “What Happened to the Antitrust Movement?” It had nothing to do with antitrust.[[44]](#endnote-44)

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If he was never a trustbuster, anti-monopolism had always been central to Kefauver’s political identity. Soon after arriving in Congress in 1939, he secured a widely coveted seat on the House Judiciary Committee and used the post to cultivate a relationship with its second-ranking Democrat, the veteran New York anti-monopolist Emmanuel Cellar. A few years later, in 1945, Kefauver petitioned to join Congressman Wright Patman’s Select House Committee on Small Business, through which he first met John Blair. The latter fondly remembered that there “was quick recognition, I believe on both our parts, that we were intellectually, ideologically and idealistically simpatico.”[[45]](#endnote-45) Over the next few years, Kefauver worked closely with Cellar and Blair, then at the FTC, to advance legislation closing a loophole in the Clayton Act that left corporate acquisition of assets – as opposed to stocks – unregulated, an opening that big business had used to their advantage during what Kefauver called the “third great merger movement” unfolding in their time.[[46]](#endnote-46) After several frustrated efforts, in 1950 the Cellar-Kefauver Act became among the more notable amendments to the famous Progressive law and marked one of Kefauver’s few legislative achievements on the monopoly front.[[47]](#endnote-47) If Kefauver and his colleague shepherded the bill through Congress, however, everyone involved knew that it was Blair’s brainchild. President Truman even gave the economist the pen he signed it with.[[48]](#endnote-48)

The Subcommittee, which functioned under the auspices of the Senate Committee on the Judiciary, had been established in 1951 at the behest of Wyoming Senator – and former TNEC director – Joseph O’Mahoney, who used his position as co-Chair of the Joint Committee on the Economic Report to advance a resolution calling for a body that could gather improved federal data on the economic consequences of monopoly.[[49]](#endnote-49) Kefauver sought to politicize that mission, which a capable staff – no one was better suited for the task, he felt, than alumni of the TNEC itself. In addition to Blair, Kefauver poached two of them from the FTC. The “able trial lawyer and keen student of antitrust laws,” Paul Rand Dixon, would serve as general counsel and staff director, and Irene Till, who would become the driving force behind the pharmaceutical investigation, came on as a staff economist. Till – whose partner had been the late Walter Hamilton, the famous economist who coined the term “institutionalism” – would also go on to edit Kefauver’s posthumously published memoirs on the investigation, *In a Few Hands: Monopoly Power in America*.[[50]](#endnote-50)

In addition to re-staffing the Subcommittee, Kefauver promptly set about enhancing its capacity, time and again requesting and securing larger budgets, beginning with a fifty percent bump for 1957.[[51]](#endnote-51) Unable to afford a single calculator when he took over – quite a handicap for a group that published thousands of pages of statistical analyses – by the early sixties the Subcommittee, then just a decade old, was far and away the biggest and best funded of its kind in Washington.[[52]](#endnote-52) Given that they were “engaged in the preparation of a comprehensive, systematic study of unprecedented scope and intensity,” one that went much further than “even the monumental but now outdated studies of the Temporary National Economic Committee,” Kefauver maintained, they deserved the resources.[[53]](#endnote-53)

If Kefauver provided the infrastructure, however, everything else came from John Blair. In February 1957, the Chief Economist circulated among the Subcommittee staff a proposal for an “Investigation of Monopolistic Pricing and Production Policies” which contained the blueprint for the probe. Suggesting that the investigation be “directed toward determining the nature and possibly injurious economic effects of pricing and production policies in the so-called ‘administered-price’ industries,” Blair went on to outline a strategy intended to help “focus the attention of those involved in public policy where the real inflationary danger exists.” Without wider understanding of this threat, he warned, the Federal Reserve’s default response to the new inflation would continue to be a growth-stifling degree of monetary restraint.[[54]](#endnote-54)

To drive that point home, Blair recommended that they open with testimony from experts who could establish that “the present inflation, about which so much concern is being voiced at the present time, is not a ‘demand’ inflation or ‘monetary’ inflation” but rather “a ‘price’ inflation which is almost entirely confined to the administered-price industries.” The distinction was critical – the viability of alternative public policies depended on acceptance of it. In addition to Means, Blair’s top choice for an economist was Edwin C. Nourse, the first Chair of the Council of Economic Advisers who at that point served as President of the Brookings Institute. Scholars have with some justification characterized Nourse as a “conservative Keynesian” – he resigned from the CEA in 1949 in protest against the left-liberal Leon Keyersling’s increasing influence in the administration – but the label obscures more than it reveals. Nourse, an agricultural economist and past president of the American Economic Association, had written extensively on administered prices – most famously in his 1945 work, *Price Making in a Democracy*. Structural economic analysis, that is, was not the exclusive property of the left.[[55]](#endnote-55) Means and Nourse would be joined by the Harvard economist and acclaimed author John Kenneth Galbraith, making the expert roster something of a composite of the mid-century liberal intelligentsia.

Next, Blair proposed that the investigation move from one concentrated industry to the next, examining the relationship between prices, production levels, and, most importantly, profits. By comparing these trends to those in more competitive industries, the Subcommittee could isolate the significance of market power as an independent variable in the price formula and highlight the “injurious consequences upon demand, production and employment” it had wrought. “Armed with factual data supporting” this point, Blair imagined, Kefauver could then confront the “representatives of the leading firms” and force them to publicly defend their actions.[[56]](#endnote-56)

From the outset Blair knew that corporate officials’ “principal line of defense would be that costs, particularly labor costs, have risen, making necessary an upward adjustment in price.” What deserved blame for the chronic upward movement in the cost-of-living – labor costs over and above productivity gains, or corporate pricing power? For this reason, Blair cautioned, “It is important that the investigation not be led into the impossible undertaking of trying to evaluate the validity of cost studies for particular products,” as reliable “data on unit costs are perhaps the most difficult of all types of economic data to come by and put to meaningful use.” Instead, he concluded, “the Committee would be perfectly justified in taking, in effect, the position that, while these cost increases may indeed have occurred, their impact on the company’s earning capacity could not have been very serious in view of its high and increasing rate of profit.”[[57]](#endnote-57)

Blair’s memo echoed a complaint voiced for more than a decade by leading industrial unionists, like Walter Reuther, that corporate executives’ unwillingness to open their books and account for their swelling profit margins belied their claims about the cost basis of high prices.[[58]](#endnote-58) Indeed the UAW leader himself perceived the opportunity presented by the revamped Subcommittee. Days after assuming the Chairmanship, Kefauver received a letter from Reuther encouraging him to conduct a “Congressional investigation into the relationship between wages, profits, and prices” that might illuminate “the root causes of the creeping inflation which…seems to be increasing now at an accelerated pace.”[[59]](#endnote-59) In the politics of inflation, Reuther had understood since the debacle of reconversion in 1945-46, public blame came with disastrous consequences. Yet, “None of those who allege that wage increases are the primary, if not the sole, cause of rising prices have thus far been willing to support our efforts to have a Congressional committee conduct such an objective inquiry,” he insisted. Kefauver should use his new role, Reuther urged, to determine “where the fault really lies so that the innocent will not be condemned for the sins of the guilty.” The Senator agreed, and in the Subcommittee’s investigation into the automotive industry early the next year the provocative UAW chief would play a prominent role.[[60]](#endnote-60)

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The investigation began in mid-July 1957, two weeks after the much maligned steel industry price increase, with what Bernard Nossiter described in the *Washington Post* as “a catalogue of economic blasphemies that may shake the lobbyists, agitate faculty rooms, and tax the ingenuity of the public relations boys for years to come.”[[61]](#endnote-61) Featuring appearances by Means, Nourse, and Galbraith, the opening phase explored the top subject on Blair’s agenda: whether administered pricing was responsible for the new inflation, and if so whether alternative public policies were needed to deal with it.[[62]](#endnote-62) Each independently answered in the affirmative, leading more than a few “veteran observers of Congressional hearings” as Edwin Dale of the *New York Times* put it, to consider their collective performance “as among the most stimulating in memory.” [[63]](#endnote-63) The humdrum of Congressional hearings set a low bar for excitement, to be sure, but it does say something that an academic inquiry into inflation should surpass it.[[64]](#endnote-64)

The star witness, Gardiner Means, who since the late-1940s had been an economist with the liberal business group, the Committee on Economic Development, presented an updated version of the simple idea he had introduced more than two decades earlier.[[65]](#endnote-65) In his 1935 study, Means’s concern had been the Depression, and at the time he concluded that it proved so intractable because oligopolistic firms responded to the collapse in demand by cutting back on production while keeping prices fixed. Together, this served to sap consumer purchasing power for the better part of the 1930s. By the late-1950s, Means told the Subcommittee, things had become even more ominous. Economic stagnation was no longer the sole danger. It now appeared “possible to have a rise in prices without a prior increase in the public demand for goods,” he held. This “administrative inflation,” as Means called it, posed “a real problem of public policy” – neither fiscal nor monetary policies directed at reducing “buying power” would address its root cause. And while administrative inflation had always been a theoretical possibility, he added that it is a distinctly “new phenomenon.” “I do not find it anywhere in our history of prices,” and “until we understand the actual pricing processes involved” in generating it “we are quite as likely to make bad, as good, national policy decisions.”[[66]](#endnote-66)

The other two notable witnesses had more to say about what those policy decisions might be. The more conservative Nourse added that organized labor’s ability to “administer wages” deserved just as much attention as the larger issue of administered prices, and proposed prosecuting such labor monopolies under antitrust law.[[67]](#endnote-67) This idea, a favorite of the National Association of Manufacturers, was indeed the only trustbusting measure worth mentioning to be raised during the hearings. Galbraith also placed the wage-price relation at the center of his policy analysis, but towards more progressive ends. Given that nothing “is more elementary in modern public relations than to use the occasion of a wage increase as the opportunity for a price increase,” the former OPA official held, in concentrated industries “we might have a provision for a standstill on price increases after the conclusion of any new wage contract.” This would provide a “chance to see what could be afforded before prices were raised” and to ensure that contracts would stay within those bounds.[[68]](#endnote-68) The idea Galbraith presented here – that responsible collective bargaining which limited wage increases to “what could be afforded” might bring an end to inflationary wage-price patterns – was the germ of the policy of voluntary, productivity-based wage-price guideposts that the Kennedy administration would introduce in a few years time.[[69]](#endnote-69)

On the questions Blair had set out to answer, however, Nourse and Galbraith were on the same page – the 1957 inflation was of a new variety, and conventional responses like the Fed’s stringent monetary policy would at the very best prove futile. “The old-fashioned test of the success of a policy is results,” Galbraith noted, and while “monetary policy has been applied with steady rigor” over the past two years, “the companion effect, so far, has been a steady increase in prices.”[[70]](#endnote-70) These were not desirable results. Moreover, the monetary approach resulted in a great “discrimination in anti-inflationary policy.” The “function and only function of the monetary policy,” Galbraith explained, is “to restrain investment.”[[71]](#endnote-71) However, because corporations like U.S. Steel and General Motors financed new investment largely out of retained earnings rather than by turning to capital markets, administered price industries were largely immune to the central bank’s maneuvers. While smaller, more competitive, and localized businesses that relied on short-term credit – like residential construction – bore the brunt of the Fed’s tight money, the underlying cause of the new inflation, administered pricing in concentrated industries, went on untrammeled.[[72]](#endnote-72)

As Edwin Nourse’s testimony suggested, however, the question of how exactly administered prices were set was still an open one – and answering it seemed to depend on access to what Blair understood were “the most difficult type of economic data to come by” – corporate costs. The challenge became clearer when the investigation moved from theory to practice in their hearings on the steel and automotive industries in coming months. U.S. Steel CEO Roger Blough, who early in his career had squared off with a young John Blair in front of the TNEC and who would later go on to found the Business Roundtable and lead the corporate crusade against inflation in the 1970s, set the tone that his associates from Detroit would follow.[[73]](#endnote-73) First, aware of the radical stakes involved in the administered price debate in general, he denied that steel prices had any macroeconomic impact whatsoever.[[74]](#endnote-74) Second, he asserted that insofar as the public had a right to be concerned about steel prices, the focus should be on the industry’s skyrocketing employment costs, which were far out of proportion to the increase in productivity.[[75]](#endnote-75) When asked to prove the latter point by providing his firms cost data, however, Blough resorted to intransigence - “we believe that it is quite important that our costs, which are confidential, be kept confidential.”[[76]](#endnote-76) General Motors chief executive Harlow Curtice was not much more creative, maintaining that “all [automobile] cost increases are the result of an upward trend in wage rates,” and that the cost data requested by the Subcommittee was “confidential information and should remain so.”[[77]](#endnote-77) Ford’s General Counsel William T. Gossett added that his firm had “never, except as required by wartime legislation, made such information available for any purpose to anyone not in our employ,” as doing so “would put our company at a serious competitive disadvantage.”[[78]](#endnote-78) Even that corporate data in the federal government’s possession – OPA records at the National Archives and the evidence from a 1949 Department of Justice investigation – proved out of the Subcommittee’s reach due to “statutory restrictions” and “pending litigation.”[[79]](#endnote-79)

The industrial union movement was all too familiar with this problem of costs. The steadfast refusal to “open the books” was just one part of a broader struggle that corporate elites had waged for more than a decade in defense of their “right to manage,” an offensive that took shape in reaction to the specter of social democracy that seemed to be looming over the American political economy in the immediate postwar years.[[80]](#endnote-80) Profits were a private concern, they had held, and the state had no business meddling into how they were used; or, as Harlow Curtice would soon put it in relation to the UAW, the firm “never considered that the ability to pay was a matter for collective bargaining.”[[81]](#endnote-81) A decade after the defeat of the OPA was supposed to have put the issue to rest, however, the Subcommittee was attempting to bring it back to life.[[82]](#endnote-82) If Kefauver and his staff initially struggled to answer the cost question for lack of data, the sheer fact that they inquired into it in so public a venue suggested that the social character of the corporation might be back on the table in Washington.

Walter Reuther understood the opportunity it presented. The UAW leader had made a splash in August 1957 with a “positive and practical proposal to stop inflation” in the automotive industry. In an open-letter to the chief executives of the Big Three, Reuther submitted that if the corporations would “reduce prices on their 1958 models to levels averaging at least $100 below the price for comparable 1957 models,” the UAW would promise to “give full consideration to the effect of such reductions on [their] financial position in the drafting of our 1958 demands and in our negotiations.”[[83]](#endnote-83) Kefauver promptly wrote the other Subcommittee members urging that they take advantage of the stir caused by the UAW leader’s admittedly “vague and indefinite” proposal by bringing “Mr. Reuther and the manufacturers of the automobile companies together, with the hope of getting a firm, hold-the-line wage and price formula.”[[84]](#endnote-84) General Motors, Ford, and Chrysler had already made clear their rejection of this latest “Reuther Plan,” as they had each time the iconoclastic labor leader sought to discuss prices. But, thanks to the Kefauver Committee, for the first time since the 1945-46 strike wave, Reuther would have the chance to air his vision before a national audience.[[85]](#endnote-85)

Reuther did begin by vowing that the postwar American labor movement had “rejected the Marxist concept of class struggle.”[[86]](#endnote-86) Nevertheless, his dozen or so hours of testimony, not to mention his 110-page formal statement for the record, were nothing if not yet another manifestation of the irrepressible conflict between organized workers and corporate employers over how to resolve the essentially distributive questions embedded in the politics of inflation. For years the UAW had been deeply concerned with inflation, Reuther reminded his audience, “not just as wage earners, but as consumers, as American citizens.” “In 1945 we walked the bricks for 113 days,” he continued, “trying to implement a socially responsible collective bargaining policy that says we do not want to make progress at the expense of our neighbor. We do not want higher wages out of higher prices.”[[87]](#endnote-87)

What his union wanted, and what all workers deserved, Reuther added, was “more purchasing power out of the fruits of our advancing technology, out of automation, out of new science, out of new tools of economic abundance.”[[88]](#endnote-88) Yet, even while “the capacity to produce cars far out ran the demand for cars” over the past decade, “the price of automobiles has been raised year after year” – with the result being lower levels of production, greater unemployment, and an intractable inflation.[[89]](#endnote-89) “[W]hat we want,” Reuther concluded, “is a wage increase that essentially reflects the increase in productivity in the whole economy.”[[90]](#endnote-90) In other words, winning a greater share of the gains achieved through productivity for workers and consumers was the centerpiece of Reuther’s agenda, and in this way his testimony raised the same basic issue as John Kenneth Galbraith had a few weeks prior.[[91]](#endnote-91)

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The Subcommittee’s final reports into the steel and automotive industries confirmed what Kefauver’s critics had feared all along – that the investigation, in Republican Senator John Butler’s words, would “wittingly or unwittingly” advance organized labor’s political agenda.[[92]](#endnote-92) The reports, that is, concluded with what Blair had set out to prove: the new inflation was “due principally to price increases in administered price industries,” and, consequently, monetary austerity would be of little use in combatting it. “No matter what the change in cost or demand,” the steel study charged, “prices since 1947 have moved steadily and regularly in only one direction, upward.” Indeed, they continued to “climb even when unit labor costs declined.”[[93]](#endnote-93) Thus United Steelworkers of America research director Otis Brubaker’s excitement was justified indeed when he informed union officers that the Kefauver Committee’s conclusions would prove “extremely useful to our Union in the current public controversy over whether wage increases are responsible for inflation or whether it is the greed of the Industry for exorbitant Profits…which is the culprit.”[[94]](#endnote-94)

The automotive report went further, probing into how the Big Three not only gouged consumers, but also sought to hoodwink them.[[95]](#endnote-95) The obsession with “style” – what Kefauver called “frills” and what even GM’s Harlow Curtice admitted was but “fancification” – and the deployment of advertising to create new desires had no bearing on quality. They only served to increase the cost of an already pricey automobile.[[96]](#endnote-96) In this sense Blair’s appreciation for C. Wright Mills and David Riesman, not to mention Galbraith, seeped throughout the report, leading I.F. Stone to conclude that this obscure government document “will be a joy to the anthropologist with a sense of humor; no primitive tribe exhibits odder folkways. The intricately planned irrationality and calculated wastefulness is here laid bare for the social psychiatrist.”[[97]](#endnote-97)

Others were less amused. Senator Everett Dirksen, the Subcommittee’s lone dissenting opinion, disagreed “vigorously from the attempt of the majority to raise the completely unfounded specter of future economic stagnation in America as a result of alleged monopoly power.” The Illinois Republican concluded that the “report is based on a theoretical, preconceived, biased economic and legal analysis developed by the subcommittee staff.”[[98]](#endnote-98) Roger Blough decried the “thoroughly biased and distorted view” of his testimony it presented and charged the Subcommittee with having set the industry up.[[99]](#endnote-99) Kefauver “begins the hearings by reading a statement pronouncing your business guilty of all kinds of unsavory practices,” Blough complained, “after which you are assured in a friendly manner that the committee will now launch a completely unbiased investigation of the facts.”[[100]](#endnote-100) The conservative *New York Herald Tribune* business columnist Donald Rogers’s earlier accusation that Kefauver and his “anti-capitalistic aide” John Blair intended to “Crush the Skulls of the Rich” seemed ever so slightly less hysterical by the end of 1958.[[101]](#endnote-101)

What Rogers found radical, however, was soon a part of the mainstream. In February 1959, Raymond Saulnier, the conservative Chair of Eisenhower’s CEA who had consistently defended the Fed’s tight money policy, announced that he had been swayed by the administered price thesis. After two years of the new inflation, Saulnier admitted, “we would have been better off if we had avoided the price increases that occurred [in] the heavy industries and in those producing automobiles,” adding that “these price increases were a major factor” behind the recent economic stagnation.[[102]](#endnote-102) Not a month later, Woodlief Thomas, a senior economist for the Federal Reserve Board, published an opinion piece in the *Washington Post* endorsing many of the Subcommittee’s conclusions. To be sure, Thomas did not disavow the central bank’s earlier efforts to halt the mid-1950s “creeping inflation,” but he did acknowledge that the inquiry into Means’s simple idea had “made a significant contribution to a better understanding of the problems of inflation and fluctuations in economic activity and employment.” Administered prices in heavy industry produced “distortions and inflexibilities in the price and income structure,” Thomas continued, which ordinary “monetary and fiscal policies” may be unable to rectify.[[103]](#endnote-103)

While this “revolution in thought” did not necessarily imply that the nation’s central bankers “now favor price or wage controls or any form of direct Government intervention,” *New York Times* financial correspondent Edwin Dale noted, “the sharp change in thinking about the problem is the sort that would necessarily precede a decision that controls are necessary.” And, with a presidential election looming, Dale recognized that a “Democratic President might be even less reluctant than President Eisenhower to choose the road of controls.”[[104]](#endnote-104) Wyoming Senator Joseph O’Mahoney had already begun moving down that road by proposing a bill that would require firms in highly concentrated industries to notify the public in advance of a price increase, and the agitation for stronger regulation of prices was unlikely to stop there. After all, the Democrats had just swept the 1958 midterm elections, leading at least the *Wall Street Journal* to worry that in the years to come years Kefauver could spearhead the “Biggest Anti-Business Drive Since [the] New Deal.”[[105]](#endnote-105)

If conservative economic policymakers like Saulnier acknowledged the administered price thesis, those who would play important roles in the Democratic presidential administrations of the 1960s embraced it. Soon after the reports were released, University of Michigan economist Gardner Ackley – who went on to serve as a member of Kennedy’s CEA and as Chair of that body under Johnson – presented a paper to the AEA annual convention on the urgent need for a new theory of inflation that accounted for administered pricing. His co-panelist was John Blair. The “problem of inflation,” Ackley emphasized, “needs to be analyzed in administrative, that is, essentially political terms.” Doing so illuminates the “the limited usefulness of instruments of monetary and fiscal policy.” Contractionary stabilization measures could not tame the new inflation, and they would only worsen the already grim employment situation that the incoming administration was about to inherit.[[106]](#endnote-106) Kennedy’s CEA, and especially his Department of Labor, led by former USWA general counsel Arthur Goldberg, came to take Ackley’s view as a given.[[107]](#endnote-107) Indeed, even Kennedy’s foreign policy advisers agreed – as Walt Whitman Rostow, soon to be deputy director of the National Security Council, warned the president-elect in November 1960, “the capacity of the new Administration to do what it wants to do at home and abroad will depend promptly on breaking the institutional basis for creeping inflation, notably in the key steel and automobile industries.”[[108]](#endnote-108) Failure on that front would push the U.S. balance-of-payments further into deficit, thus undermining the integrity of the dollar and imperiling the country’s gold stock. A political solution to the new inflation, in other words, was an imperial imperative.

The solution that the Kennedy administration settled upon harked back to an idea that both John Kenneth Galbraith and Walter Reuther had raised during the administered price investigation – the establishment of “guideposts” for future wage increases based on recent trends in the productivity of labor. By pegging workers’ pay increases to improvements in productivity, real wages could rise without imposing any new labor costs that would threaten profit margins. The concept, which Kennedy’s CEA formally introduced in the 1962 *Economic Report of the President* with the hopes of institutionalizing it in the steel collective bargaining round scheduled to begin that summer, served as the guiding principle behind the inflation control policy throughout the Kennedy and Johnson administrations.[[109]](#endnote-109)

But if the basic logic behind the guidepost program was inspired by Kefauver, its implementation lacked the class politics that had animated the antimonopoly probe. The guideposts were designed not to confront corporate power, but to harmonize the interests of workers and their employers and thus to render such a confrontation unnecessary. Or as the historian Charles Maier has put it, the politics of productivity “depended upon superseding class conflict with economic growth.”[[110]](#endnote-110) For a number of reasons, however, the program never became the panacea that Kennedy and his advisors had sought. First, “productivity” itself was not easy to define, much less to measure, and the process by which the CEA arrived at a given figure was always politically charged.[[111]](#endnote-111) Moreover, even assuming an agreeable measure of productivity, the guideposts could at best reproduce the existing income shares between labor and capital. And as AFL-CIO Assistant Director of Research Nat Goldfinger noted, “American trade unions do not necessarily accept the distribution of income among the factors of production, at any particular point in time, as ethically good, socially and economically desirable or inviolable.”[[112]](#endnote-112) Both of these issues would work to undermine support for the program in the years to come.[[113]](#endnote-113)

The most glaring weakness of the guidepost policy, however, was that it lacked an enforcement mechanism. The promise that productivity-based wage growth held for price stability was just that, a promise – short of direct controls corporate executives retained the power to price, whatever the political repercussions. While labor contractually linked wages to a concrete productivity figure, employers were under no comparable legal obligation. The dangers therein became evident during the first trial with the guideposts. In April 1962, just days after Kennedy officials had completed the arduous task of brokering what was by all accounts a cost-neutral, non-inflationary collective bargaining agreement between the USWA and the largest steel firms, Roger Blough notified the President of his firm’s intention to raise prices.[[114]](#endnote-114) Kennedy - who is said to have responded, “My father always told me that all steelmen were sons of bitches!” - did use his bully pulpit to “jawbone” the industry into rescinding the price increase, a demand Blough and company heeded after Kefauver, the Department of Justice, and others threatened to initiate another set of steel investigations. But the President began backpedaling as soon as he could. Within weeks Kennedy would invite Blough to the White House to make amends, and later in the year he would look away when the industry raised prices on selected products.[[115]](#endnote-115) The guideposts, in short, were not off to a good start.

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In August 1970, USWA Research Director Otis Brubaker wrote to Gardiner Means to congratulate him on an “excellent statement” he had recently delivered on “Inflation and Unemployment,” one that showed “a grasp of the economic realities of our pricing system which most economists seem to lack.”[[116]](#endnote-116) Brubaker was referring to Means’s appearance, along with John Blair, before the JEC for its 1970 Midyear Review of the State of the Economy. The two old acquaintances sounded the same themes they had been discussing with one another since their relationship first began almost four decades earlier.[[117]](#endnote-117) At the time of their testimony, the price level had been on the rise for more than five years, and when then President Nixon had taken office January 1969 he inherited the highest rate of inflation in almost two decades – not since the price explosion following the demise of the OPA had the cost-of-living risen so fast. In mid-1970, Nixon – an OPA refugee who in 1971 would become the first President to impose peacetime wage and price controls – identified the inflationary pressure with excess demand and was thus responding with a policy of “gradualism,” which basically amounted to conventional fiscal and monetary restraint.[[118]](#endnote-118) This “game plan,” Means and Blair told the JEC, did not stand a chance of succeeding. A prisoner of the antiquated assumption of perfect competition, Means held, as he had for more than a third of a century, “the Nixon plan fails to take account of the natural behavior of administered prices.”[[119]](#endnote-119) When, over the course of the next year, Nixon dispensed with “gradualism” and resorted to outright jawboning, and then followed that with a wage-price freeze, it was clear that the President’s economic advisers agreed that Means and company had been at least partially correct, even if they would never admit it.

But if Means and Blair continued to exemplify the intellectual weight that still existed behind the anti-monopoly cause, their ideas no longer carried the political clout they once had. Both Estes Kefauver and Walter Reuther were dead, and the movement’s organizational base, the industrial unions, were hemorrhaging members thanks to the steady deindustrialization and automation pillaging American manufacturing.[[120]](#endnote-120) Republicans would occupy the White House for the better part of the decade, only to be replaced by a Democrat from Georgia whose answer to the perils of corporate power, such as he had one, lay in deregulation, so as to preclude capture of the regulators by the regulated. Moreover, however antiquated Means deemed orthodox theory to be, an updated version of it was being voiced with tremendous zeal and increasing acclaim by economists more prominent than he, especially those housed at what had become the most prestigious economics department in the world: the University of Chicago. In 1976, the year Blair passed away, Milton Friedman was awarded the Nobel Prize in Economics, and he had used his Nobel Lecture to address the subject of “Inflation and Unemployment.” In it, Friedman introduced the concept of a “natural rate of unemployment,” a rate of joblessness below which inflation was bound to “accelerate” – Friedman’s policy recommendation in the middle of the stagflationary seventies was that a bitter dose of monetary medicine ought to be used to cleanse the economy, allowing unemployment to rise and then settle into its “natural” level, after which point disciplined budgetary and money management could keep it there while the wonders of the competitive marketplace began to stabilize the price level.[[121]](#endnote-121)

The extent to which the political sands had shifted became clear in 1979, when President Carter’s appointee to head the Federal Reserve, a longtime financial insider, Paul Volcker, resorted to what was effectively the nuclear option for dealing with the crisis of stagflation. Putting Friedman’s monetarist theory into practice, Volcker sharply contracted the money supply, a move that shot interest rates to stratospheric levels. This Volcker Shock had its intended effects – by the early-eighties, inflation had been tamed. But price stability came at a cost of almost epochal proportions. A grinding recession ensued, one that intensified the deindustrialization already gutting cities across the country, and which within a few short years would vanquish once and for all organized labor as a major political force and uproot the New Deal Order. It is doubtful if Ronald Reagan would have been able to wage his attack on American liberalism had it not been for Volcker’s monetarist experiment. Such a course, however, was not foreordained. Indeed, amid a similar “new inflation” two decades earlier, the Kefauver Committee had taken that option off the table.

1. Harvey Swados, *Standing Up For The People: The Life and Work of Estes Kefauver* (New York: E.P. Dutton & Co, 1972), xi-xiv, 178. For more on Kefauver, see Charles Fountenay, *Estes Kefauver: A Biography* (Knoxville: University of Tennessee Press, 1991); John Gorman, *Kefauver: A Political Biography* (New York: Oxford University Press, 1971). [↑](#endnote-ref-1)
2. William Moore, *The Kefauver Committee and the Politics of Crime, 1950-1952* (Columbia: University of Missouri Press, 1974); Jack Anderson and Fred Blumenthal, *The Kefauver Story* (New York: Dial Press, 1956). See also Kefauver’s memoir on the crime probe, *Crime in America* (Garden City, NY: Doubleday, 1951). [↑](#endnote-ref-2)
3. For the classic assessment of the “problem of monopoly” in American liberalism, see Ellis Hawley, *The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence* (Princeton: Princeton University Press, 1966). [↑](#endnote-ref-3)
4. See, for example, Howard Brick *Transcending Capitalism: Visions of a New Society in Modern American Thought* (Ithaca, NY: Cornell University Press, 2006). [↑](#endnote-ref-4)
5. On heterodox economics in the U.S. during this period, see Malcolm Rutherford, *The Institutionalist Movement in American Economics, 1918-1947* (New York: Cambridge University Press, 2011); Mary Morgan and Malcolm Rutherford, eds., *From Interwar Pluralism to Postwar Neoclassicism* (Durham: Duke University Press 1998); Yuval Yonay, *The Struggle over the Soul of Economics: Institutionalist and Neoclassical Economists in America Between the Wars* (Princeton: Princeton University Press, 1998); Theodore Rosenof, *Economics in the Long Run: New Deal Theorists and their Legacy* (Chapel Hill: University of North Carolina Press, 1997). [↑](#endnote-ref-5)
6. Joan Robinson, *The Economics of Imperfect Competition* (New York: Macmillan Co., 1933); Edward H. Chamberlin, *The Theory of Monopolistic Competition: A Re-Orientation of the Theory of Value* (Cambridge: Harvard University Press, 1933); Josef Steindl, *Maturity and Stagnation in American Capitalism* (New York: Oxford University Press, 1952); Paul Sweezy and Paul Baran, *Monopoly Capital: An Essay on the American Social and Economic Order* (New York: Monthly Review Press, 1966). [↑](#endnote-ref-6)
7. Adolf Berle and Gardiner Means, *The Modern Corporation and Private Property* (New York: Transaction Publishers, 1932). [↑](#endnote-ref-7)
8. Brick, *Transcending Capitalism*, esp. 4-8 and 54-85, passim. [↑](#endnote-ref-8)
9. On Miller and Robinson see Jacobs, *Pocketbook Politics: Economics Citizenship in Twentieth Century America* (Princeton: Princeton University Press, 2007), 162. [↑](#endnote-ref-9)
10. See Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Time* (New York: W.W. Norton & Co., 2013). [↑](#endnote-ref-10)
11. See Richard E. McFadyen, “Estes Kefauver and the Tradition of Southern Progressivism,” *Tennessee Historical Quarterly* 37 (1978): 430-443. See also Tony Badger, “Southerners Who Refused to Sign the Southern Manifesto,” *Historical Journal* 42 (1999): 517-534. [↑](#endnote-ref-11)
12. The phrase “steel fundamentalism” comes from Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism* (Chapel Hill: University of North Carolina Press, 1998), esp. 7-36. For more on the politics of steel pricing, see Thomas McCraw and Forrest Reinhart, “Losing to Win: US Steel’s Pricing, Investment Decisions, and Market Share, 1901-1938,” *Journal of Economic History* 49 (1989): 593-619; Paul Tiffany, *The Decline of U.S. Steel: How Labor, Management, and the State Went Wrong* (New York: Oxford University Press, 1989); David Stebenne, *Arthur Goldberg: New Deal Liberal* (New York: Oxford University Press, 1995). On Truman’s attempted seizure of the steel industry, see Maeva Marcus, *Truman and the Steel Seizure Case: The Limits of Presidential Power* (Durham: Duke University Press, 1994). [↑](#endnote-ref-12)
13. Senate Subcommittee on Antitrust and Monopoly of the Judiciary Committee, Hearings, *Administered Prices,* Part 1, 85th Cong., 1st sess. (Washington, D.C.: GPO, 1957) [hereafter *Administered Prices,* Part 1], 1. [↑](#endnote-ref-13)
14. See Norikazu Takami, “The Baffling New Inflation: How Cost-Push Theories Influenced Policy Debate in the Late-1950s United States,” *History of Political Economy* 47 (2015): 605-629; Richard W. Gable, “The Politics and Economics of the 1957-1958 Recession,” *Western Political Quarterly* 12 (1959): 557-559. Though the expression “new inflation” achieved greater purchase in the 1970s, it first began to appear in the late-1950s. See, for example, Willard L. Thorp and Richard E. Quandt, *The New Inflation* (New York, 1959) and G.L. Bach, *The New Inflation: Causes, Effects, Cures* (Providence, 1958). [↑](#endnote-ref-14)
15. It is worth noting that the famous “Phillips Curve,” which was taken by much of the economics profession as proof that a trade-off existed between inflation and unemployment, was published amid this “new inflation.” See A.W. Phillips, “The Relation Between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861-1957,” *Economica* 25 (1958): 283-299. For critical examinations of the uses of the Phillips Curve, see Robert Leeson, “The Political Economy of the Inflation-Unemployment Tradeoff,” *History of Political Economy* 29 (1997): 117-156; James Forder, *Macroeconomics and the Phillips Curve Myth* (Oxford: Oxford University Press, 2014). For an assessment of the various perspectives on the “new inflation, see Takami, “The Baffling New Inflation.” See also Paul Samuelson and Robert Solow, “Analytical Aspects of Anti-Inflation Policy,” *American Economic Review* 50 (1960): 177-194. [↑](#endnote-ref-15)
16. See Charles E. Silberman, “The Coming Assault on Bigness,” *Fortune* (June, 1957); Edward H. Collins, “‘Administered’ Prices: An Analysis of Proposal to Revive Issue Studied Nearly 20 Years Ago,” *New York Times*, July 8, 1957. [↑](#endnote-ref-16)
17. Gardiner Means, *Industrial Prices and their Relative Inflexibility*, U.S. Senate Document 13, 74th Cong., 1st Sess. (Washington, D.C.: GPO, 1935). See also, Frederic S. Lee, “A New Dealer in Agriculture: G.C. Means and the Writing of Industrial Prices,” *Review of Social Economy* 46 (1988): 180-202. [↑](#endnote-ref-17)
18. Means, *Industrial Pries and their Relative Inflexibility*, 1. [↑](#endnote-ref-18)
19. Ibid, 8. [↑](#endnote-ref-19)
20. On Means, see Warren J. Samuels and Steven G. Medema, *Gardiner C. Means: Institutionalist and Post-Keynesian* (Armonk, NY: M.E. Sharpe, 1990); Frederic S. Lee and Warren Samuels, eds., *The Heterodox Economics of Gardiner C. Means: A Collection* (Armonk, NY: M.E. Sharpe, 1992). [↑](#endnote-ref-20)
21. *Industrial Prices and their Relative Inflexibility*, 1. [↑](#endnote-ref-21)
22. Ibid, 10. [↑](#endnote-ref-22)
23. Ibid. [↑](#endnote-ref-23)
24. National Resources Committee, *Patterns of Resource Use* (Washington, D.C.: GPO, 1938)*; Consumer Expenditures in the United States* (Washington, D.C.: GPO, 1939)*; The Structure of the American Economy* (Washington, D.C.: GPO, 1939-40); Mordecai Ezekial, *Jobs for All, Through Industrial Expansion* (New York: Knopf, 1939). On Means’s role in New Deal planning, see Frederic S. Lee, “From Multi-Industry Planning to Keynesian Planning: Gardiner Means, the American Keynesians, and National Economic Planning at the National Resources Committee,” *Journal of Policy History* 2 (1990): 186-212; Mary Furner, “From State Interference to the Return to the Market,” in Edward J. Balleisen and David A. Moss, eds., *Governments and Markets: Toward a New Theory of Regulation* (New York: Cambridge University Press, 2010), esp. 110-123. On post-NRA New Deal planning more generally, see Phillip W. Warken, *A History of the National Resources Planning Board* (New York: Garland Publishing, 1979); Marion Clawson, *New Deal Planning: The National Resources Planning Board* (Baltimore: Johns Hopkins University Press, 1981); Patrick Reagan, *Designing a New America: The Origins of New Deal Planning, 1890-1943* (Amherst: University of Massachusetts Press, 1999); Hawley, *The New Deal and the Problem of Monopoly*, 149-280, passim.; Alan Brinkley, *End of Reform: New Deal Liberalism in Recession and War* (New York: Knopf, 1995), 227-264, passim. [↑](#endnote-ref-24)
25. On Blair, see John M. Blair, “The Veblen-Commons Award: Gardiner C. Means,” *Journal of Economic Issues* 9 (1975): 147-149; Morton Mirtz, “John M. Blair, 62, Dies, Economist Probed Key Industries,” *Washington Post*, December 23, 1976; “John M. Blair, 62, U.S. Ex-Economist,” *New York Times*, December 23, 1976; See also, Howard N. Ross, “John M. Blair and Monopoly,” *Antitrust Bulletin* 30 (1985): 997-1009; Walter Adams, “John M. Blair and Philip A. Hart: In Memoriam,” *Journal of Economic Issues* 11 (1977); Bernard D. Nossiter, “A Staff Man Leaves His Mark on the Hill,” *Washington Post*, April 11, 1970. [↑](#endnote-ref-25)
26. John M. Blair, *Seeds of Destruction: A Study in the Functional Weakness of Capitalism* (New York: Covici-Friede, 1938); John Blair to John Kenneth Galbraith, June 4, 1957, 12E2A 1/2/5 (3), FTC – General Correspondence (1957), Papers of John M. Blair, U.S. National Archives, Washington D.C [hereafter JMB]. In addition to several scholarly articles and government reports, Blair also published *Economic Concentration: Structure, Behavior, and Public Policy* (New York: Houghton Mifflin, 1972) and *The Control of Oil* (New York: Vintage Books, 1976) and edited a volume, *The Roots of Inflation: The International Crisis* (New York: Burt Franklin & Co., 1975). In this sense Blair should be considered an early “Post-Keynesian.” The literature on Post-Keynesian economics is extensive. See, for example, J.E. King, *A History of Post-Keynesian Economics Since 1936* (Cheltenham: Edward Elgar, 2002); Frederic Lee, *A History of Heterodox Economics: Challenging the Mainstream in the Twentieth Century* (Routledge: New York, 2011). [↑](#endnote-ref-26)
27. Blair to George Stigler, Oct. 23, 1955, 12E2A 1/2/5 (3), Dr. John M. Blair, Personal (1951-55), JMB. [↑](#endnote-ref-27)
28. Blair, *Seeds of Destruction*, esp. 385-98. [↑](#endnote-ref-28)
29. Reviews of Blair’s book appeared in venues ranging from the *American Economic Review* to *The* *New Republic* to the *Daily Worker*. As a graduate student, Blair also regularly published book reviews for the *Washington Post*, through which his firm commitment to the New Deal and disdain for orthodox economics shines through – his assessment of Mordecai Ezekiel’s *Jobs for All*, for instance, was especially laudatory. See Robert Nathan Associates, *A National Wage Policy for 1947* (Washington, D.C.: U.S. Department of Labor Library, December 1946). On Lauck, see Leon Fink, *Progressive Intellectuals and Dilemmas of Democratic Commitment* (Cambridge, Mass.: Harvard University Press, 1997), 214-241. [↑](#endnote-ref-29)
30. On the TNEC, see Hawley, *New Deal and the Problem of Monopoly*, 404-419; Brinkley, *The End of Reform*, 106-136, passim.; Jacobs, *Pocketbook Politics*, 166-175. For a contemporary assessment, see Dwight Macdonald, “The Monopoly Inquiry: A Study in Frustration,” *The American Scholar* 8 (1939): 295-308.See also John M. Blair and Arthur Reeside, *Price Discrimination in Steel*, *TNEC Monograph #41* (Washington, D.C.: GPO, 1941) and H. Dewey Anderson, Lewis L. Lorwin, and John M. Blair, *Technology in Our Economy TNEC Monograph #22* (Washington, D.C.: GPO, 1941). For a complete list of TNEC publications see “Publications of the Temporary National Economic Committee,” *American Economic Review* 31 (1941): 347-350. [↑](#endnote-ref-30)
31. CV, undated, 12E2A 1/2/5 (4), Dr. John M. Blair, Personal III, 1956, JMB; John Blair to George Stocking, undated (ca. April 1956), 12E2A 1/2/5/ (3), FTC – General Correspondence, (1957), JMB; C. Wright Mills and Melville Ulmer, *Small Business and Civic Welfare* (Washington, D.C.: GPO, 1946). The report was actually written by Melville Ulmer, but Mills conducted the research and had substantial input into its final draft. See Daniel Geary, *The Radical Ambition: C. Wright Mills, the Left, and American Social Thought* (Berkeley: University of California Press, 2009), 65-66. On the SWPC, see Jonathan J. Bean, “World War II and the ‘Crisis’ of Small Business: The Smaller War Plants Corporation, 1942-1946,” *Journal of Policy History* 6 (1994): 215-243. [↑](#endnote-ref-31)
32. Blair to Edwin Witte, March 9, 1956, 12E2A 1/2/5 (4), Dr. John M. Blair Personal III, 1956, JMB; Witte to Blair, March 13, 1956, *ibid.* Witte was a well-regarded institutional economist and reformer. See Wilbur J. Cohen, “Edwin E. Witte (1887-1960): Father of Social Security,” *Industrial and Labor Relations Review* 14 (1960): 7-9; David B. Johnson, “The ‘Government Man’: Edwin E. Witte of the University of Wisconsin,” *The Wisconsin Magazine of History* 82 (1998): 32-51; Walter J. Samuels, “Edwin E. Witte’s Concept of the Role of Government in the Economy,” *Land Economics* 43 (1967), 131-147. [↑](#endnote-ref-32)
33. The best histories of the administered price hearings focus on the pharmaceutical probe. See Robert Bud, Antibiotics, Big Business, and Consumers: The Context of the Government Investigation into the Postwar American Drug Industry,” *Technology and Culture* 46 (2005): 329-349; Daniel Scroop, “A Faded Passion? Estes Kefauver and the Senate Subcommittee on Antitrust and Monopoly,” *Business and Economic History On-Line* 5 (2007): 1-17. [↑](#endnote-ref-33)
34. Unless otherwise specified, all economic data retrieved from the Bureau of Labor Statistics. [↑](#endnote-ref-34)
35. The literature on the crisis of stagflation is vast. See, for example, Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the 1970s* (New Haven: Yale University Press, 2010); Greta Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge, Mass.: Harvard University Press 2012); Ben Waterhouse, “Mobilizing for the Market: Organized Business, Wage-Price Controls, and the Politics of Inflation, 1971-1974,” *Journal of American History* 100 (2013): 454-478. [↑](#endnote-ref-35)
36. As Joan Robinson put it in 1976, “Looking back now, after experience of inflation at 20 percent per annum, anything less than 5 percent seems moderate and acceptable. But even 3 or 4 percent, year after year, was a great nuisance.” Robinson, “The Age of Growth,” *Challenge* 19 (1976): 6. [↑](#endnote-ref-36)
37. The journalist Samuel Lubell, in his famous 1952 book, *The Future of American Politics* (New York: Greenwood, 1952), called inflation the country’s “permanent dilemma”. On the long politics of inflation, see Meg Jacobs, “Inflation: ‘The Permanent Dilemma’ of the American Middle Classes,” in Oliver Zunz, et al, *Social Contracts Under Stress: The Middle Classes of America, Europe, and Japan at the Turn of the Century* (New York: Russell Sage, 2002); Jacobs, *Pocketbook Politics*; Charles S. Maier, “The Politics of Inflation in the Twentieth-Century,” in *In Search of Stability: Explorations in Historical Political Economy* (New York: Cambridge University Press, 1988); Fred Hirsch and John H. Goldthorpe, eds., *The Political Economy of Inflation* (Cambridge, Mass.: Harvard University Press, 1978); Leon N. Lindberg and Charles S. Maier, eds., *The Politics of Inflation and Economic Stagnation: Theoretical Approaches and Case Studies* (Washington, D.C.: Brookings Institution, 1985); Crauford Goodwin, ed., *Exhortations and Controls: The Search for a Wage-Price Policy, 1945-1971* (Washington, D.C.: Brookings Institution, 1975); Michael R. Smith, *Power, Norms, and Inflation: A Skeptical Treatment* (New York: Aldine de Gruyter, 1992). [↑](#endnote-ref-37)
38. On the political economy of growth liberalism, see, for example, Brinkley, *The End of Reform*; Robert Collins, *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2002); Scott O’Bryan, *The Growth Idea: Purpose and Prosperity in Postwar Japan* (Honolulu: University of Hawaii Press, 2009). [↑](#endnote-ref-38)
39. On the global dimensions of American inflation, see Panitch and Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (New York: Verso, 2012), esp. 111-162. [↑](#endnote-ref-39)
40. On the tension between inflation and full-employment, see Michal Kalecki, “Political Aspects of Full Employment,” *Political Quarterly* 14 (1943): 322-330. Joan Robinson credited Kalecki with identifying “inflation as an expression of class struggle.” See also Robinson, “Michal Kalecki: Neglected Prophet,” *New York Review of Books*, Mar. 4, 1976; John Bellamy Foster, “Marx, Kalecki, and Socialist Strategy,” *Monthly Review* 64 (2013), accessed at: <http://monthlyreview.org/2013/04/01/marx-kalecki-and-socialist-strategy/>. [↑](#endnote-ref-40)
41. See, for example, Meg Jacobs, *Pocketbook Politics*, 256-261. Contemporary critics felt similarly. See, Charles E. Silberman, “The Coming Assault on Bigness,” *Fortune* (June 1957). [↑](#endnote-ref-41)
42. See, for example, Brinkley, *The End of Reform*; Jacobs, *Pocketbook Politics*; Nelson Lichtenstein, “From Corporatism to Collective Bargaining: Organized Labor and the Eclipse of Social Democracy in the Postwar Era,” in Steve Fraser and Gary Gerstle, eds., *The Rise and Fall of the New Deal Order, 1930-1980* (Princeton: Princeton University Press, 1989). [↑](#endnote-ref-42)
43. On politicized versus privatized collective bargaining, see Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton: Princeton University Press, 2002), esp. Ch. 3. [↑](#endnote-ref-43)
44. Richard Hofstadter, “What Happened to the Antitrust Movement?” in *The Paranoid Style in American Politics* (New York: Vintage Books, 2008). On the tensions between planning and antitrust policy, see Hawley, *The New Deal and the Problem of Monopoly*. [↑](#endnote-ref-44)
45. Quoted in Fontenay, *Estes Kefauver*, 112. [↑](#endnote-ref-45)
46. Quoted in Scroop, “A Faded Passion?”, 6. [↑](#endnote-ref-46)
47. The sociologists Bill Luchansky and Jurg Gerber have interpreted the role of the FTC in securing the Celler-Kefauver Act as an expression of the “relative autonomy” of the state. See Luchansky and Gerber, “Constructing State Autonomy: The Federal Trade Commission and the Celler-Kefauver Act,” *Sociological Perspectives* 36 (1993): 217-240. [↑](#endnote-ref-47)
48. Harry Truman to John Blair, January 2, 1951, Dr. John M. Blair – Personal II (1951-1955), 12E2A 1/2/5 (3), JMB; Estes Kefauver to John Blair, December 29, 1950, Dr. John M. Blair Personal III 12E2A 1/2/5 (4), JMB. See also Fontenay, *Estes Kefauver*, 358-360; Bud, “Antibiotics,” 337. [↑](#endnote-ref-48)
49. On Kefauver’s ascendance to the Chairmanship of the Subcommittee on Antitrust and Monopoly, see Bud, “Antibiotics,”: 334-337. On the genesis of the Subcommittee, see *Guide to the Records of the U.S. Senate,* 13.113-13.118, available at: <http://www.archives.gov/legislative/guide/senate/chapter-13-judiciary-1947-1968.html#SAM>. [↑](#endnote-ref-49)
50. Press Release, February 5, 1957, Box 209, Folder 1, Estes Kefauver Papers, MPA.0144, University of Tennessee Libraries, Knoxville, Special Collections [hereafter, EK]; Senate Antitrust & Monopoly Subcommittee Personnel, 1957, *ibid;* Bud, “Antibiotics,” 336, 344 n. 55. On Hamilton, see Rutherford, *Institutional Economics in America*, 57-95. [↑](#endnote-ref-50)
51. Kefuaver to Donald P. McHugh, Jan. 21, 1957 with accompanying budget proposals; Senate Antitrust and Monopoly Subcommittee Financial Statement, December 31, 1956, both in Box 209, Folder 1, EK; Sen. James O. Eastland to Sen. Thomas C. Hennings, Jr., Jan. 22, 1957, Box 205 Folder 4, EK. [↑](#endnote-ref-51)
52. Kefauver to Joseph C. Duke, August 20, 1957, Box 205, Folder 11, EK; Kefauver to Eastland, Jan. 17, 1962, Box 205, Folder 7, EK. [↑](#endnote-ref-52)
53. Kefauver to Eastland, Jan. 22, 1957, Box 205, Folder 5, EK. [↑](#endnote-ref-53)
54. John Blair, “Investigation of Monopolistic Pricing and Production Policies,” Feb. 25, 1957, Box 205, Folder 4, EK; Paul Rand Dixon, “Proposed Program of Antitrust and Monopoly Subcommittee for 1957,” Box 205, Folder 5, EK. [↑](#endnote-ref-54)
55. See Lester H. Brune, “Guns and Butter: The Pre-Korean War Dispute Over Budget Allocations: Nourse’s Conservative Keynesianism Loses Favor Against Keyserling’s Economic Expansion Plan,” *The American Journal of Economics and Sociology* 48 (1989): 357-371; Edmund F. Wehrle, “Guns, Butter, Leon Keyserling, the AFL-CIO, and the Fate of Full-Employment Economics,” *The Historian* 66 (2004): 730-748; W. Robert Brazelton, *Designing U.S. Economic Policy: An Analytical Biography of Leon H. Keyserling* (New York: Palgrave, 2001);Frederic Lee, *Post-Keynesian Price Theory* (New York, Cambridge University Press, 2004), 69-80; Joseph G. Knapp, *Edwin G. Nourse: Economist for the People* (Danville, IL: The Interstate Printers & Publishers, 1979). Although he appeared to be more skeptical about the sustainability of persistent economic growth – mainly on “natural resource” grounds – Blair’s own views tended more towards Keyserling’s than Nourse’s. See Blair to Kefauver, June 11, 1959, Box 226, Folder 6, EK; Blair to Leon Keyserling, June 12, 1959, *ibid.* [↑](#endnote-ref-55)
56. Blair, “Investigation of Monopolistic Pricing and Production Policies,” Feb. 25, 1957, Box 205, Folder 4, EK. [↑](#endnote-ref-56)
57. Ibid. [↑](#endnote-ref-57)
58. See Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York: Basic Books, 1995). [↑](#endnote-ref-58)
59. Walter Reuther to Kefauver, Jan. 11, 1957, Box 201, Folder 3, EK. [↑](#endnote-ref-59)
60. Kefauver to Reuther, Feb. 2, 1957, Box 201, Folder 3, EK. See also Kevin Boyle, *The UAW and the Heyday of American Liberalism, 1945-1968* (Ithaca: Cornell University Press, 1998), 137-38; Jacobs, *Pocketbook Politics,* 256-261. [↑](#endnote-ref-60)
61. Bernard D. Nossiter, “Senate Unit Hears Fresh Ideas of 3 Experts,” *Washington Post*, July 13, 1957. [↑](#endnote-ref-61)
62. *Administered Prices*, Part 1, 2. Also appearing before the Subcommittee were Richard Ruggles of Yale and John Moore of the University of Tennessee. See *Administered Prices*, Part 1, 128-162 and 163-186. [↑](#endnote-ref-62)
63. Edwin Dale, “Two Senate Panels Put Spotlight on the Nature of Current Inflation,” July 15, 1957. [↑](#endnote-ref-63)
64. For the broader academic contours of this intervention, see Theodore Rosenof, *Economics in the Long Run*, 115-127. [↑](#endnote-ref-64)
65. On the CED, see Robert Collins, *The Business Response to Keynes, 1939-1964* (New York: Columbia University Press, 1981); Karl Schriftgiesser, *Business Comes of Age: The Story of the Committee for Economic Development and its Impact Upon the Economic Policies of the United States,* 1942-1960 (New York: Harper, 1960). [↑](#endnote-ref-65)
66. *Administered Prices*, Part 1, 88-89. See also, Means, “Pricing Power and the Public Interest,” in Senate Subcommittee on Antitrust and Monopoly, *Administered Prices: A Compendium on Public Policy* (Washington D.C.: GPO, 1963), 213-239 and *Administrative Inflation and Public Policy* (Washington D.C.: Anderson Kramer Associates, 1959). The Kefauver Committee investigation gave Means’s publishing career a new lease on life. See Means, *Pricing Power and the Public Interest: A Study Based on Steel* (New York: Harper & Bros., 1962) and *The Corporate Revolution in America* (New York: Collier Books, 1964). On Means’s formulation of “administrative inflation,” see Rosenof, *Economics in the Long Run*, 115-119; Richard Goode, “Gardiner Means on Administered Prices and Administrative Inflation,” *Journal of Economic Issues* 28 (1994): 173-186. [↑](#endnote-ref-66)
67. *Administered Prices*, Part 1, 14, 19. [↑](#endnote-ref-67)
68. Ibid, 50-53. [↑](#endnote-ref-68)
69. Galbraith had been a student of price control since his time with the OPA. See Galbraith, *A Theory of Price Control* (Cambridge, Mass.: Harvard University Press, 1952). Kennedy’s CEA unveiled the guideposts in its 1962 *Economic Report of the President.* On the relationship between the *Administered Price* hearings and the guidepost program, see William J. Barber, “The Kennedy Years: A Purposeful Pedagogy,” in Craufurd D. Goodwin, ed., *Exhortation and Controls: The Search for a Wage-Price Policy, 1945-1971* (Washington D.C.: Brookings Institution, 1975). [↑](#endnote-ref-69)
70. Ibid, 45 [↑](#endnote-ref-70)
71. Ibid, 47. [↑](#endnote-ref-71)
72. Ibid, 42. [↑](#endnote-ref-72)
73. On Blough subsequent career, see Ben Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA*, 83-87. See also, Daniel F. Cuff, “Roger N. Blough, 81, Dies,” *New York Times*, Oct. 10, 1985. [↑](#endnote-ref-73)
74. Richard Ruggles of Yale was the only economist in the opening phase to conclude that no relationship existed between steel pricing and inflation. [↑](#endnote-ref-74)
75. For Blough’s opening statement, see *Administered Price Hearings,* Part 2, 203-214. [↑](#endnote-ref-75)
76. Senate Subcommittee on Antitrust and Monopoly of the Judiciary Committee, Hearings, *Administered Prices,* Part 2, 85th Cong., 1st sess. (Washington, D.C.: GPO, 1958) [hereafter *Administered Prices,* Part 2]*,* 379-386. Blough quoted on 381; Suggested Questions for Mr. Roger Blough, undated, Box 230, Folder 10, EK. [↑](#endnote-ref-76)
77. Senate Subcommittee on Antitrust and Monopoly of the Judiciary Committee, Hearings, *Administered Prices,* Part 6, 85th Cong., 2nd sess. (Washington, D.C.: GPO, 1958) [hereafter *Administered Prices,* Part 6]*,* 2487, 2497, 2595. [↑](#endnote-ref-77)
78. Gossett to Kefauver, printed in *Administered Prices*, Part 6, 3621; Colbert to Kefauver, printed in Senate Subcommittee on Antitrust and Monopoly of the Judiciary Committee, Hearings, *Administered Prices,* Part 7, 85th Cong., 2nd sess. (Washington, D.C.: GPO, 1958) [hereafter *Administered Prices,* Part 7], 3724; Curtice to Kefauver, printed in *Administered Price Hearings*, Part 6, 3519. [↑](#endnote-ref-78)
79. Paul Lewinson to Blair, August 21, 1957, Box 229, Folder 11, EK; Kefauver to Herbert Brownell, Oct. 17, 1957, Box 229, Folder 11, EK; Brownell to Kefauver, Nov. 5, 1957 and Press Release, “Sen. Kefauver Charges Department of Justice Withholding of Information on Steel Inquiry,” Box 201, Folder 1, EK. The episode was indicative of the tensions existing between the Subcommittee on Antitrust and Monopoly and the Antitrust Division of the Justice Department throughout the Eisenhower administration. Another was Kefauver’s frustration with a report issued by the Attorney General’s National Committee to Study the Antitrust Laws, released in 1955. For additional texture, see correspondence between Kefauver and Eugene Rostow, March and April 1955, Box 205, Folder 9, EK. For a history of the Antitrust Division and the report, see, Theodore Philip Kovaleff, *Business and Government During the Eisenhower Administration: A Study of the Antitrust Policy of the Antitrust Division of the Justice Department* (Athens, OH: Ohio University Press, 1980), 17-48. [↑](#endnote-ref-79)
80. See Harris, *The Right to Manage: Industrial Relations Policies of American Business in the 1940s* (Madison: University of Wisconsin Press, 1982); Jacobs, *Pocketbook Politics*. [↑](#endnote-ref-80)
81. *Administered Prices*, Part 6, 2496. [↑](#endnote-ref-81)
82. On the business campaign against the OPA, see Meg Jacobs, “‘How About Some Meat?’: The Office of Price Administration, Consumption Politics, and State Building from the Bottom Up, 1941-1946,” *Journal of American History* 84 (1997): 910-941. [↑](#endnote-ref-82)
83. “UAW Letter to Big Three Companies,” *Administered Prices*, Part 7, 3474-3479. The UAW ultimately proposed a more modest, profit-sharing plan. See Joint Constitution – Resolutions Committee Special Convention – UAW, “1958 Bargaining Program – Economic Demands,” Detroit, Mich., Jan 22, 23, and 24, 1958 in *Administered Prices*, Part 7, 3479-3485. [↑](#endnote-ref-83)
84. Kefauver to Sen. Thomas C. Hennings, Oct. 25, 1957, Box 229, Folder 11, EK. [↑](#endnote-ref-84)
85. Richard Mooney, “Reuther Urges U.S. Adjudge Price Rises,” *New York Times*, Jan. 29, 1958; “Reuther Urges Government Hearing on Price Boosts by Major Companies,” *Wall Street Journal*, Jan. 29, 1958. [↑](#endnote-ref-85)
86. *Administered Prices*, Part 6, 2177. [↑](#endnote-ref-86)
87. Ibid, 2195-2196. [↑](#endnote-ref-87)
88. Ibid. [↑](#endnote-ref-88)
89. Ibid, 2211. [↑](#endnote-ref-89)
90. Ibid, 2308. [↑](#endnote-ref-90)
91. The UAW had first linked pay to productivity in its 1948 collective bargaining agreement with GM. See Lichtenstein, *The Most Dangerous Man in Detroit*, 279-280. [↑](#endnote-ref-91)
92. “Anti-Business Bias Laid to Senate Unit,” *New York Times*, Dec. 12, 1957. [↑](#endnote-ref-92)
93. Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary, *Study of Administered Prices in the Steel Industry* (GPO: Washington, D.C., March 13, 1958), 129; “Outline of Report on Steel,” Box 229, Folder 11, EK. [↑](#endnote-ref-93)
94. Brubaker to Officers on Kefauver Committee Report, May 6, 1958, Box 40, Prices (General), 1956-63, Marvin Miller Papers, Research Department, United Steelworkers of America, Penn State University, University Park, PA. [↑](#endnote-ref-94)
95. *Study of Administered Prices in the Automobile Industry* (GPO: Washington, D.C., Nov. 1, 1958). [↑](#endnote-ref-95)
96. *Study of Administered Prices in the Automobile Industry,* 94-103. [↑](#endnote-ref-96)
97. Quoted in Swados, *Standing Up for the People*, 131. Stone’s essay is available in its entirety at http://www.ifstone.org/weekly/IFStonesWeekly-1958nov17.pdf. Malcolm Rutherford has observed that concern over advertising could be seen in early neo-classical explorations into the “monopoly question,” for instance in Edward Chamberlin’s 1933 study, *Monopolistic Competition*. See Rutherford, “Institutional Economics: Then and Now,” *Journal of Economic Perspectives* 15 (2001): 184, n. 9. The automotive report explored many of the themes John Kenneth Galbraith addressed in *The Affluent Society*, released the same year. [↑](#endnote-ref-97)
98. “Individual Views of Senator Everett McKinley Dirksen,” *Study of Administered Prices in the Steel Industry,* 139. [↑](#endnote-ref-98)
99. There was some basis to his charge, as steel was targeted first for strategic reasons. See “Outline of Report on Steel,” Box 229, Folder 11, EK and Blair, “Investigation of Monopolistic Pricing and Production Policies.” [↑](#endnote-ref-99)
100. “Steel Report of Kefauver Held Biased,” *Chicago Tribune*, Mar. 1, 1958; Marquis Childs, “Kefauver Report Irritates Detroit,” *Washington Post*, Nov. 28, 1958. [↑](#endnote-ref-100)
101. Donald I. Rogers, “Kefauver’s Aide Anti-Capitalist: Senator Wants Economist to Crush the Skulls of the Rich,” *New York Herald Tribune*, May 12, 1957. [↑](#endnote-ref-101)
102. Quoted in “Price Rises Blamed for Output Lag,” *Washington Post*, Mar. 10, 1959. See also Saulnier to Thomas B. Curtis, Feb. 18, 1959, printed in *January 1959 Economic Report of the President, Hearings before the Joint Economic Committee* (Washington, D.C.: GPO, 1959), 34-35. On Saulnier, see Julianne Cicarelli and James Cicarelli, “Raymond Joseph Saulnier,” in Robert Sobel and Bernard Katz, eds., *Biographical Directory of the Council of Economic Advisers* (New York: Greenwood Press, 1988), 205-210. [↑](#endnote-ref-102)
103. Woodlief Thomas, “Those Administered Prices,” *Washington Post*, March 12, 1959. See also Federal Reserve Board Director of Research and Statistics Arthur Young’s March 11, 1959 testimony before the Kefauver Committee, Senate Subcommittee on Antitrust and Monopoly of the Judiciary Committee, Hearings, *Administered Prices,* Part 10, 86th Cong., 1st sess. (Washington, D.C.: GPO, 1959) [hereafter *Administered Prices,* Part 10], 4859-4897, passim. [↑](#endnote-ref-103)
104. Edwin Dale, “U.S. Aides Uneasy on Price Policies,” *New York Times*, March 15, 1959; “An Aroused Reserve Board,” *New York Times*, March 14, 1959. [↑](#endnote-ref-104)
105. Ted Lewis Jr. and Robert D. Novak, “‘Liberals’ Today Open Biggest Anti-Business Drive Since New Deal,” *Wall Street Journal*, Jan. 7, 1959. [↑](#endnote-ref-105)
106. The papers and proceedings of the 1958 AEA meeting were published in the *American Economic Review* in May 1959. See Gardner Ackley, “Administered Prices and the Inflationary Process,” *American Economic Review* 49 (1959): 419-430; John Blair, “Administered Prices: A Phenomenon in Search of a Theory,” *American Economic Review* 49 (1959): 431-450. See also, Ackley, “A Third Approach to the Analysis and Control of Inflation,” in Joint Economic Committee, *The Relationship of Prices to Economic Stability and Growth* 85th Cong., 2nd Sess. (Washington, D.C.: GPO, 1958), 619-637. [↑](#endnote-ref-106)
107. See Stebenne, *Arthur Goldberg*, 238. [↑](#endnote-ref-107)
108. Quoted in Barber, “The Kennedy Years,” 137. [↑](#endnote-ref-108)
109. On the genesis of the guidepost program, see Barber, “The Kennedy Years.” Though the idea had germinated for some time, the proposal really began to influence collective bargaining only after the *Report* had been released. John D. Pomfret, “Railroads Ask Unions to Begin Talks on Basis of Presidential Report,” *New York Times*, March 6, 1962. [↑](#endnote-ref-109)
110. Maier, “The Politics of Productivity: The Foundations of American International Economic Policy after World War II,” in *In Search of Stability*, 146. [↑](#endnote-ref-110)
111. For example, William Barber has argued that Kennedy’s thinking on the question had been influenced by a 1959 study on behalf of the JEC by Harvard economists Otto Eckstein and Gary Fromm, *Steel and the Postwar Inflation* (Washington, D.C.: GPO, 1959), which concluded that labor costs in steel had outpaced productivity increases. See Barber, “The Kennedy Years,” 155.” John Blair, Otis Brubaker, and AFL-CIO Asst. Director of Research Nat Goldfinger all denounced the report, but that did not prevent Eckstein from assuming a position on Johnson’s CEA in 1964. See Nat Goldfinger to Otto Eckstein, Nov. 6, 1959, Box 80, Joint Economic Committee, 1947-70, Research Department, USWA; Otis Brubaker to Arthur Goldberg, November 16, 1959, ibid; Blair to Dixon, Nov. 12, 1959, Box 229, Folder 8, EK. On the political nature of economic statistics, see Thomas Stapleford, *The Cost of Living in America: A Political History of Economic Statistics* (New York: Cambridge University Press, 2009). [↑](#endnote-ref-111)
112. Nat Goldfinger, “Future Role of Productivity in Collective Bargaining,” May 19, 1960, Box 40, Productivity, 1956-63, Miller Papers, USWA. [↑](#endnote-ref-112)
113. For a “tripartite” set of perspectives, see George Meany, Roger Blough, and Neil Jacoby, *Government Wage-Price Guideposts in the American Economy* (New York: NYU Press, 1967). [↑](#endnote-ref-113)
114. On the 1962 episode, see Grant McConnell, *Steel and the Presidency, 1962* (New York: W.W. Norton & Co., 1963). [↑](#endnote-ref-114)
115. Marjorie Hunter, “Kennedy and Blough Meet In Parley on Gold Outflow,” *New York Times*, Jun. 12, 1962; Clyde H. Farnsworth, “Blough Offers Advice to Kennedy,” *New York Times*, Aug. 1, 1962; “Blough Leads Business Visit With Kennedy,” *Chicago Tribune*, Sept. 7, 1962. [↑](#endnote-ref-115)
116. Brubaker to Means, Aug. 5, 1970, Box 80, Joint Economic Studies, 1947-1970, Research Dept., USWA. [↑](#endnote-ref-116)
117. Frank C. Porter, “Nixon ‘Game Plan’ Held Failure to the Economy,” *Washington Post*, Jul. 15, 1970; Herbert Rowen, “Slow Economic Expansion, Wage-Price Hassle Ahead,” *Washington Post*, Jul. 19, 1970. [↑](#endnote-ref-117)
118. Neil de Marchi, “The First Nixon Administration: Prelude to Controls,” in Goodwin, ed., *Exhortation and Controls,* 296-304; Allen Matusow, *Nixon’s Economy: Booms, Busts, Dollars and Votes* (Lawrence: University of Kansas Press, 1998). To be sure, as most scholars looking back at Nixon’s controls have noted, the notion that the measure was implemented in “peacetime” would have seemed curious indeed to inhabitants of Southeast Asia. [↑](#endnote-ref-118)
119. Quoted in Porter, “Nixon ‘Game Plan’.” [↑](#endnote-ref-119)
120. Julius Duscha, “Kefauver Death Is Blow to Trust Probe Action,” *Washington Post*, Aug. 13, 1963. If unions were losing members, however, they were not losing militancy. Around the time of Means and Blair’s testimony, the largest strike wave since 1945-46 erupted. See Jefferson Cowie, *Stayin’ Alive: The 1970s and the Last Days of the Working Class* (New York: The New Press, 2010) and Aaron Brenner et al, *Rebel Rank and File: Labor Militancy and Revolt from Below During the Long 1970s* (New York: Verso, 2010). [↑](#endnote-ref-120)
121. Milton Friedman, “Nobel Lecture: Inflation and Unemployment,” printed in *Journal of Political Economy* 85 (1977): 451-472. [↑](#endnote-ref-121)