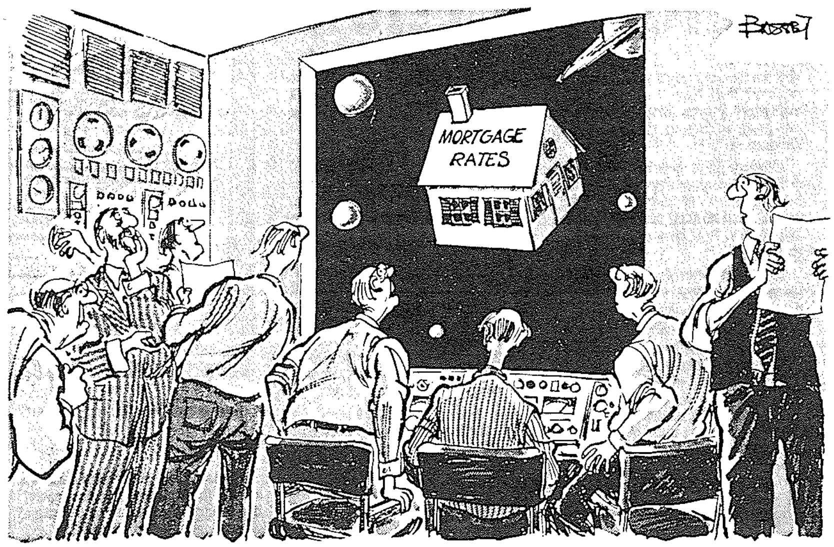
ECONOMICS, LABOR & BUSINESS



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The caption reads: "Latest Picture from Voyager 1."

greatly reduced effective interest rates. Home-buyers in high tax brackets actually enjoyed negative rates of real interest.

Then inflation showed its other face. Mortgage funds dried up and rates finally caught up with inflation, growing from 9.5 percent in 1978 to an average of 14.75 percent in 1981. Between 1975 and 1980, the size of monthly mortgage payments doubled, while family income increased by only 54 percent. In 1975, payments took 21 percent of monthly income; by 1980, 30 percent. Fewer families could muster the financial resources required to qualify for a mortgage.

Because today's large pool of young adults still needs housing, Browne believes the market will recover as soon as interest rates decline. But the boom of the 1970s, she says, is over for good.

Trustbusters Change Course

"Reagan's Antitrust Line—Common Sense or an Invitation to Corporate Abuse?" by Michael Wines, in *National Journal* (July 10, 1982), Government Research Corporation, 1730 M St. N.W., Washington, D.C. 20036.

The Reagan administration's antitrust enforcers say big business is not necessarily bad business. This has roused the ire of small businessmen and liberals who claim the new stance gives a green light to anticompetitive practices. In fact, says *National Journal* correspondent Wines, the policy changes may be more psychological than legal.

The government's two chief antitrust watchdogs, the Justice Department's Antitrust Division and the Federal Trade Commission (FTC), have cut back their prosecutions for vertical concentration (when a manufacturer owns the companies that supply components of its products), as well as for "predatory" price-cutting and conglomerate mergers.

Administration spokesmen argue that certain forms of price-fixing are acceptable. Consumers, they say, are not hurt when a manufacturer fixes the retail price of its products. Those who disagree point to the Levi Strauss Company's 1978 agreement to allow blue jean retailers to set their own prices, which has saved consumers some $75 million a year, according to the FTC. Yet the Reagan antitrusters have stepped up prosecutions for such "hard core" anticompetitive practices as horizontal price-fixing (where several firms collude to set prices). Assistant Attorney General William Baxter maintains that his Justice Department Antitrust Division has put "three times as many businessmen in jail for price-fixing" during the Reagan administration's 18 months in office as in any comparable time since the 1890 Sherman Act was passed.

Nevertheless, critics charge that the administration has curtailed attacks on illegal industrial concentration. Last year, for example, the FTC dropped an antitrust suit accusing the three top breakfast cereal makers of operating a "shared monopoly."

Yet, Wines notes, while some companies undoubtedly have too much clout in particular fields, overall industrial concentration in the United States has probably declined since 1972. The number of corporate acquisitions dropped from 3,031 in 1972 to 1,223 in 1980 (though the capital involved climbed from $16.7 billion to $44.3 billion). The share of all U.S. profits reaped by the top 1,300 companies declined from 76.6 percent to 75.6 percent.

"Many experts do not view the Reagan policy shifts as revolutionary," says Wines. But the rhetoric of federal antitrust officials has left the impression that almost anything goes. And that, Wines argues, invites a public outcry and corporate abuse.

An Embargo That Worked

"The 1807–1809 Embargo Against Great Britain" by Jeffrey A. Frankel, in *The Journal of Economic History* (June 1982), Eleutherian Mills Historical Library, P.O. Box 3630, Wilmington, Del. 19807.

Amid all the debate today about U.S. embargoes on grain and technology, it may be useful to consider one of America's first embargoes—how it succeeded, and why it ultimately collapsed.

In December 1807, President Thomas Jefferson convinced Congress to bar all trade with Britain, then at war with France, to retaliate for