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MEMORANDUM OF POINTS SUGGESTED

AS PROPOSED TO BE MADE

by

HONORABLE ROBERT E. FREER, *Chairman,*

FEDERAL TRADE COMMISSION

ON THE

FORUM BROADCAST

"AMERICA TOMORROW"

JANUARY 11, 1944

10:30 P.M.

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BY HONORABLE ROBERT E. FREER, CHAIRMAN,
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General Subject

All admit that some of the pre-war legislation expanding the field of federal regulation must remain and no one urges its wholesale repeal. In the opinion of the average citizen the respective roles of government and business in the post-war world should be one of cooperation in which the government should exercise the minimum regulatory control compatible with protecting the public interest and at the same time exert a maximum effort in respect to encouraging the general conditions which promote the best interests of agriculture, labor, investors and management.

The fundamental concepts in my opinion upon which a conclusion should be premised are (1) the continuation of a free competitive system under the Congressional policy embodied in the antitrust laws; (2) greater use of the Federal Trade Commission's cooperative trade practice conference procedure to aid industry's voluntary efforts to eliminate wholesale competitive practices such as "hit below the belt" and to encourage those elements in particular industries which seek to elevate the plane of competition therein; and (3) the adoption of governmental policies concerning reconversion designed to promote general prosperity -- policies providing appropriate incentives for private investment to insure jobs for our population.

1. Continuation of Competitive System

The principle of a free competitive system is a part of the American tradition. When the tendency toward monopoly, in the form of trusts and mergers, assumed such proportions in this country as to threaten to destroy the competitive system, Congress in 1890 enacted the Sherman law with only one dissenting vote in either house of Congress.

A vivid description of the national background and need for such legislation is given by Mr. Justice Harlan in the case of Standard Oil Co. v. U. S.

2. The Commission's Role of Cooperation

The Federal Trade Commission Act and the Clayton Act were enacted primarily to prevent the employment of such artificial restraints by traders as tend to harden the arteries of trade and shut off or diminish the flow of the benefits of free and fair competition to the consumer and to the competitor.

It must not be overlooked that there now exists in the Commission machinery that is being used to the end that government and business may cooperatively evaluate and discuss commercial practices. More than 150 important industries, in which there existed practices prejudicial to the best interests of the industry as a whole and inimicable to the public, have held trade practice conferences under the Commission's auspices. The trade practice rules for these industries resulted in the voluntary and simultaneous abandonment of major evils besetting these industries.

A most important problem confronting the American people today is that of providing adequate employment in the post-war period to insure our returning soldiers a chance to make a good living. The maximum business activity can only be obtained by encouraging private investment in new ventures. All of our periods of high business activity have coincided with the development of important new industries. However, the new ventures should be carefully chosen. While under the free enterprise system an individual or a group of individuals is free to engage in any new venture, even if it be foredoomed to failure, only successful ventures are a permanent benefit to the country, and the Federal Government could aid the making of wise investments by currently furnishing the facts with respect to the aggregate profitability of business enterprises constituting each of several industries in the standard classifications of industry.

Business men constantly want information with respect to production, prices, consumption, etc., and for many years industrial trade associations have gathered such information for the use of their members. Many of these associations have been unfortunate in that their officers and members have been charged with misusing such information in violation of the antitrust laws, such including those in such important industries as oil, lumber, cement, drugs, etc.

The Federal Trade Commission has consistently taken the position that what is needed is not less but more comprehensive trade statistics, available to producers and investors alike; and that the government is best equipped to furnish such comprehensive statistics.

3. Venture Capital

Our business leaders indicate today a laudable desire to take the lead and the major responsibility for functioning of the general economy after reconversion is complete. The degree of their success in my opinion depends upon the boldness with which they attack the problem of expanding production and distribution of consumers' durable goods.