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ADDRESS

By

HONORABLE VICTOR R. HANSEN
ASSISTANT ATTORNEY GENERAL OF THE UNITED STATES
IN CHARGE OF THE ANTITRUST DIVISION, DEPARTMENT OF JUSTICE
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"Antitrust and Free Enterprise"

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It seems particularly fitting to discuss antitrust and free enterprise before this group. I note from your excellent annual reports that the objectives for which your organization was established include two especially relevant to antitrust philosophy and action. You were organized, ". . . to defend our basic American freedoms; [and] to protect individual rights and oppose regimentation." So was antitrust.

For the life of every citizen is deeply affected by antitrust aims and objectives. It was long ago recognized that economic liberty, like political liberty, is essential to the American way of life. The antitrust philosophy, and the objectives of meaningful antitrust enforcement, are not esoteric considerations of remote interest only to lawyers or economists. Antitrust aims at preservation of the equal right of every citizen to enter the business of his choice, to compete on equal terms under the law with all others in seeking customers for his product, to buy necessities and luxuries alike in a market affording a reasonable choice of products at reasonable prices, -- an economic life unregimented by Government or monopoly. That is the meaning and purpose of the competitive free

enterprise system, the base of our national strength and vitality.

But this belief in competitive free enterprise is not merely an abstract belief that regimentation and freedom are antithetic. In large part it is a practical appraisal of the impossibility of regulating the millions of details of business life through centralized decision by Government administrators or by cartel groups. Even in a single industry, there will be thousands of day-to-day decisions and actions which will significantly affect the quality and volume of its production, and the price to the consumer. Competition harnesses the desire of each producer to excel as the force regulating industry in the interest of producer and consumer alike. The force of competition and the desire for profit together produce an industrial climate favoring the production of the best products in the greatest volume at the cheapest prices. The test of the market place, moreover, is a regulating mechanism that can adapt to the constantly changing needs of progress.

This, then, is our belief--that competition can best regulate a free economy. Like all basic beliefs, however, that principle must accommodate to hard practical experience. There are areas, for example, where for

special reasons the force of competition left wholly free, might operate too destructively to safeguard the public interest. Public utilities are an instance of that consideration. The overriding needs of national security in times of emergency, when military requirements displace the normal forces of civilian supply and demand, may require mitigation of competition for a period. At all times, certain types of practices which carry competition too far, must be restrained. Thus, price reduction is a normal manifestation of real competition; but predatory price cutting, as in a nation-wide company's reduction of a local price below cost to destroy local competition, is aimed at the destruction of competition.

To guarantee the effectiveness of competition, constant vigilance is required primarily to insure its existence, and, only secondarily to mitigate its excesses. Pressures are continually exerted to make special exceptions permitting industry cooperation in particular areas for reasons asserted to be special and compelling. It is an absolute essential to the vitality of the free enterprise system that exceptions be made or permitted only in areas where the need for exception is overwhelmingly demonstrated; then only to the extent of the actual need; and always,

where permitted, only by Congress and operated under Government supervision. For history teaches that the interests of all segments of the nation cannot be left to the benevolence of private groups. In the words of the Supreme Court, "where exceptions are to be made, Congress should make them." 1/ For that "benevolence," as demonstrated many times, leads to the denial of entry into an industry to outsiders, to maximum prices and minimum output, with the forces of supply and demand rigged in favor of the dominant group. Left unrestrained, such a situation would lead to growing demand for direct Government regulation, or the assumption of Government ownership, as the means of protecting against the excesses of private monopolization.

Indeed, it was monopolistic excess that formed the context of this country's historic decision to write the principle of competition into the law of the land. Before the turn of the last century, the major trusts openly sought to assume control of all aspects of the nation's economy. The consuming public and possible competitors alike were considered only as factors in determining what the traffic would bear in price exaction. Competitors were absorbed or destroyed. Prices were manipulated, -- lowered to unprofitable levels to drive out competition,

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1/ U. S. v. Line Materials Co., 333 U.S. 287,310 (1948)

raised to new heights as the trust enjoyed the fruit of its labor.

Against this background of economic savagery, the Sherman Act became law. That act, the basic charter of antitrust, was flexibly and generally phrased to permit accommodation to the changing needs. As Chief Justice Hughes termed it, 2/ the act " . . . has a generality and adaptability comparable to that found to be desirable in constitutional provisions."

Section 1 of the act states only that "every contract, combination . . . . or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared illegal . . ." Section 2 states simply that "every person who shall monopolize or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor . . . ." No attempt was made to specify in detail the acts or practices which should be forbidden. It was left to the process of judicial interpretation to give substance and meaning to the words of the act in

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2/ Appalachian Coals, Inc. v. United States, 288 U.S. 344, 359-360 (1933).

relation to the specific examples of competitive behavior brought before the court. There have been additions to the body of statutes known as the antitrust laws. But the underlying principles stated in the Sherman Act have been left untouched.

Essentially, these principles are simple and broad. The shifting patterns of economic behavior to which they must be applied are subtle and complex. Enforcement, for that reason, is no simple task; nor is it wholly the Government's responsibility. Constant vigilance by the Government is, of course, an essential. But, under the procedures established over many years of experience, the part to be played by the individual citizen is significant.

Of course, the antitrust laws permit private citizens to redress directly through treble damage actions for the wrongs they suffer through the anticompetitive behavior of others. But in Government enforcement of antitrust, also, the citizen plays an important role.

We regard antitrust enforcement as involving the performance of two separate functions. Primarily, the Antitrust Division is established to handle antitrust litigation; but it also must aid the Attorney General in the performance of his statutory duty to provide legal

advice for Government officials in performance of their duties. Of these, the first is the traditional antitrust activity and remains most significant; but the second, as the impact of Government on economic life has grown in intensity, has become of greater importance.

In our litigation, the role of the individual citizen is significant. It is his complaint and testimony upon which the effectiveness of our litigation procedures must depend. In recent years, we have undertaken general industry studies by our small economic staff to determine most usefully where litigation would bring the most effective results. But today, as historically, most of the antitrust investigations originate in the complaints received from members of the public. Indeed, in recent years, this source of leads for investigation have vastly increased--from 788 received during fiscal year 1952 to some 1300 in 1957. The increase in complaints is reflected in the increase of cases filed: some 30 cases were filed in 1952, and 55 in 1957. During this period the litigation staff has increased only slightly.

I emphasize, the complaint of the citizen is the starting point. It need be in no particular form. What is desirable, both from the standpoint of the complainant

and the Division, is a submission of information as detailed as possible. Names and specific incidents, where these are known, are important. Request that complainants' identities be kept confidential will be honored, although, obviously, this can sometimes slow up efficient investigation.

All complaints are carefully reviewed and, if justified, assigned for investigation. The Antitrust Division may use the FBI or a federal grand jury, or both. The task of the FBI agent is a patient and difficult one. In his search for all sources of relevant information and documents he may contact not only possible defendants, but their competitors, customers, or suppliers. But he must depend upon the voluntary cooperation of the individuals concerned. For any corporation or person has legal right to refuse to furnish the FBI information or access to records.

I emphasize, there is a <u>legal</u> right to refuse. Efforts have been made for legislation authorizing legal compulsion in certain instances, but so far this "civil investigative demand" is only a proposal. But I would emphasize also that each citizen should weigh carefully his interests in the enforcement of antitrust generally

and his belief in the tradition of free enterprise, before exercising this legal right.

Of course, where the complaint specifies information sufficiently clear to establish the likelihood that a violation exists, the Division may alternatively place it before a grand jury. The proceedings of that body are aided by compulsive process, and subpoenas may be issued, calling for testimony and production of records.

Whichever method of investigation is used, the basic information, when assembled, is analyzed by the antitrust staff. If violation appears, the antitrust laws permit both civil and criminal litigation. Choice of proceedings depends on the type of offense, and the judgment as to the best means to repair its effects and prevent its recurrence. Certain violations, involving wilful indulgence in practices long known to be clearly violations of the antitrust laws, are usually punished in criminal proceedings. Activities involving per se offenses such as price-fixing, direct allocation of territories or customers, or boycotts, with a specific intent to restrain trade, would probably bring criminal action. Use of violence or threats, or a record of previous violations might increase that probability. Civil suit,

on the other hand, aims, not at punishment, but at repair. Its purpose is to secure a court order ending restraints, against the possibility of future resumption, and directing such action as may be necessary to reopen the channels of commerce.

In many instances, both civil and criminal litigation may ensue. Trial of such cases can involve many courtroom days, even months, at times imposing serious burdens on crowded court dockets. There has been much criticism of antitrust procedures by reason of their deliberateness and complexity.

But I think you will share my belief that this deliberateness may be one of the principal antitrust virtues. Charges of anticompetitive behavior are essentially criminal charges, and even civil antitrust suits must reflect that the conduct concerned may be criminally punishable. The fair play traditions of due process requires deliberate consideration in a fair forum of such charges, with full opportunity to defend. As I have said, the multitude of details which go into industry operation present an unavoidably complex picture. But if fair play standards are to be fully met, opportunity must be given for full explorations of all of the details which are relevant.

Sometimes, this burden can be successfully mitigated. One principal means is the so-called "consent decree." These are orders of the court arrived at through negotiation between the Government and the defendants, aimed at by-passing the long process of trial without sacrificing either the Government or the private interest. Once agreed to, however, these do not remain mere contracts, but are presented to the court for its approval; and, if approved, become formal judgment decrees. Use of this technique, however attractive it may be to the Division in the tremendous savings in time and manpower it provides, must be limited, I repeat, to those areas in which neither public nor private interest is jeopardized. As a practical matter, consent judgments frequently mean better terms for both parties -- the Government may secure from a defendant greater concessions in negotiations than would be possible if such concessions were in effect admissions of guilt in suit; and the defendants avoid the expense, time and notoriety of a trial.

Informal conference may be otherwise resorted to in avoiding the necessity of full-scale litigation. Occasionally, the antitrust complexities of special situations may bedevil businessmen undertaking new ventures in areas where antitrust's application is not wholly settled. Failure to

estimate accurately the validity of contemplated actions might reap the stigma of criminal penalties.

We cannot furnish legal advice on proposed plans or practices. But in narrow areas, we may agree not to bring criminal proceedings on particular plans, under a procedure termed the "railroad release" program from its 1939 beginning in a railroad matter. Submission in writing of a full account of a prospective plan can secure a statement whether the Division will or will not agree not to institute criminal proceedings against its operation. However, even in those areas, we do reserve the right to institute civil proceedings to determine the plan's antitrust validity, to settle the law as it applies.

We also review prospective mergers or acquisitions under a pre-merger clearance program. This affords timely warning if the proposal appears illegal or questionable. After review of detailed information concerning the industry and companies involved, we will state whether we would formally oppose the plan as violating the antitrust law, or not. In both these instances, the information submitted must be completely accurate, for any clearance relates only to the facts as stated.

Antitrust enforcement, rightly viewed, does not end with litigation. Turning from that aspect, I refer to the

growing field of effort concerned more with preventing damage to the free enterprise system through inadvertent Government action. As you know, the Attorney General is the chief legal officer of the Government. His statutory duties include furnishing legal advice, upon request, to the President and the heads of Executive agencies. The Antitrust Division must staff this function in any matters involving antitrust or the maintenance of the free enterprise system.

This summary of antitrust procedures has had to pass quickly over many details in themselves worthy of extended discussion. The cases we have brought and the issues we have faced are not by any means matters isolated from your own personal problems. Suits have covered nearly every conceivable kind of product, service, and industry, from fish caught by trawlers operating in the stormy North Atlantic, to supermodern electronic devices produced by industries evolved from atom-age research. Automobiles, buses, groceries, beer, and polio vaccines -- these are but a small portion of the spectrum of antitrust problems. And the success or failure of the antitrust effort will be directly felt by each of you, -- when you buy, or sell, or seek to enter any business.

Each of our actions is not aimed at short-term realization of immediate price and production response, however, but at a long-term expectation that, regardless of the immediate effect, a product's price and output would more fairly be governed by competition. Sometimes, antitrust actions may actually result in an immediately increased price. Take, for example, antitrust and color film. Eastman Kodak, which had been responsible for a large part of the popularity of colored film, had sold its undeveloped film at a price which included a charge for processing. This limited the business of processing effectively to the company's own laboratories. Civil complaint was filed, and thereafter a consent decree was entered barring the company from this marketing arrangement, and requiring it further to reduce its virtually complete dominance of color film processing by half within five years.

This decree opened up a new field of operation for a multitude of small businesses, in a business totalling perhaps about one hundred million dollars a year. Thousands of new photo-finishers entered the field to perform the service previously done by one company. Surprising to many people, the price of processing did not decrease. In fact, it actually increased as new firms attempted to master the processes and to assess the cost factors of the new operation.

Many people grew exasperated at the inexperience of new processors.

However, there can be no doubt that ultimately the competition between this group of rival companies will produce a better service at a fairer price. In vitalizing competitive forces in this area, the decree incurred an immediate loss, a risk taken, in the certainty of larger future benefits.

In recent years, the status of our country's scientific research resources has become a matter of deep concern to all of us. It represents a challenge that will require our best efforts. Therefore, I would like to discuss with you the role that antitrust enforcement has played and will continue to play in helping to shore up our country's research and development resources.

Our nation's research and development effort is the product of the combined activities of industry, the universities and the Government. The National Science Foundation estimates that seventy-two percent of our scientific research is performed by industry. 3/

3/ National Science Foundation Bulletin "Reviews of Data on Research and Development," December, 1956. The Foundation reported that the Government pays for 52% of all research and development, industry 44%, universities and other institutions 4%.

The fullest development of industry's research efforts requires the proper climate. In this country that climate is created by unrestricted competition which spurs industrial effort in the market-place, in the production line, and even in the research laboratory. Under this system of free and competitive enterprise, this country has developed into the world's acknowledged industrial leader.

Industrial research as an organized activity is a relatively recent phenomenon in American industry. General Electric was the first business firm in the United States to institute research as a regular and independent activity when it opened its research laboratory in Schenectady, New York in 1900.

By about 1938, the annual cost of our country's industrial research was approximately three hundred million dollars. It reached somewhat over six hundred million dollars in 1941. Since World War II industrial research has had an extensive growth. In 1956, total expenditures for industrial research and development reached the considerable sum of 6.1 billion dollars.

Despite this boom in industrial research, Fortune Magazine 4 / has reported that substantial business firms in

4/ Frances Bello, "Industrial Research: Genius Now Welcome," Fortune Magazine, January, 1956, p. 99.

the food, oil, metals, paper and rubber industries engage in no significant amounts of research. Many of these companies rank among the five hundred largest corporations in the country.

The future promises to bring a rapid acceleration in the growth of America's industrial research. According to the most recent McGraw-Hill survey of "Business' Plans," 5/ every industry which reported to the survey was increasing its research and development expenditures for 1957. Industry generally plans to spend 9.3 billion dollars on research in 1960, which represents an increase of over fifty percent since 1956. In line with these planned expenditures, the survey indicated that by 1960 industry plans to employ about 22 percent more scientists and engineers than in 1956.

It is expected that at least ten percent of the 1960 sales volume, for manufacturing as a whole, will be in new products not made in 1956. Industry plans to introduce more new products during the 1957-1960 period than in any previous four-year period.

5/ 10th Annual Survey on "Business Plans for New Plants and Equipment."

Industrial research appears to find its greatest stimulus in the changing nature of competition. The growth of industrial research in the United States has resulted mainly from the growing importance of technological competition to satisfy the needs and wants of the market.

Formerly, industries generally competed for markets that seemed clearly limited by consumers' needs, and these needs varied little. Industrial research, therefore, was regarded by industry generally as a luxury which produced occasional innovations. Today, because industrial research has become a deliberate instrument of economic development, industries compete constantly to create new wants and new markets.

Industrial research has become one of the more important elements in the dynamics of present-day competition. It is becoming increasingly evident that competition in fact begins in the laboratory. This kind of competition has been called "the new competition" and "the quiet competition of the laboratory." In the words of an important business executive, 6/ it "is no longer like the frosting on a cake but is a critical element in the diet."

6/ Mr. E. Duer Reeves, Executive Vice-President, Esso Research and Engineering Co., as reported in "Industry Plans to Spend $5 Billion on Research," Journal of Commerce, January 26, 1956.

Industrial research by competitors can challenge the market position of a company by the development of different raw materials and more efficient processes to manufacture the same product, and by the development of different products to perform the same function. Industrial research also can be a powerful competitive lever for growth by producing new products to perform new functions, and by finding new uses for existing products.

Industry's accomplishments in the research and development area have been extensive and varied. We have only to look at the daily papers to read about the daily industrial technological advances. But industry could have an even better record of achievement in this area were it not for some restraints imposed upon its growth by companies charged with violations of the antitrust laws.

In our experience, thus far, we have found very few instances where companies have agreed directly to restrict their research activities. The usual case involves illegal agreements or practices which are designed to bolster the commercial positions of the companies involved in the products which they manufacture and sell. Such agreements or practices, however, may have the effect of eliminating commercial incentives to spend large sums for research or

to acquire promising inventions.

If I had to categorize the main areas of antitrust violations which have disclosed restraints on industrial research, I would list them as patent abuses, division of fields among companies, and monopoly in the manufacture and sale of products. Companies tend to engage in research only in areas which would give them a particular commercial advantage. There is very little point generally in a firm's doing much in the research area when, because of illegal agreement or practice, its developments will not be its own; when it cannot fully benefit from the commercialization of its discoveries; or when it has a monopoly or dominant position in the market. A firm usually cannot benefit from the commercialization of its research discoveries in a particular area when it has entered into agreements which give to another company the right to exploit its inventions in this area.

In this connection, let us examine some of the allegations contained in recent antitrust cases which bear on this question of research. At the outset, I wish to emphasize that these particular cases are being discussed solely because they are good illustrations and the practices affecting research are matters of public record contained

in specific allegations in the complaints -- and not because I wish or intend to create any adverse reflection on the companies involved.

First, let us examine the allegations in the pending RCA civil case. 7/ According to the complaint, agreements were entered into by which RCA was authorized by General Electric, Westinghouse, and American Telephone and Telegraph to sublicense the patents of these companies in the radio purpose field. Thus, it is alleged that RCA became the sole company with the right to sublicense others in the radio purpose field under the combined patents of RCA, General Electric, Westinghouse, and American Telephone and Telegraph Co. It was additionally alleged that RCA was to retain all royalties thus collected without remitting any part of it to the other companies. Conversely, the RCA, General Electric and Westinghouse patents, according to the complaint, were made available to American Telephone and Telegraph on like conditions in the telephone field, and similar patent licensing rights in the power field were granted by RCA and American Telephone and Telegraph to General Electric and Westinghouse.

7/ United States v. Radio Corporation of America, Civil No. 97-38, S.D. N.Y.

The effect of the agreements, it was alleged, was to divide the patent rights of the parties into fields, with the radio purpose field allocated to RCA, the power field to General Electric and Westinghouse, and the telephone field to American Telephone and Telegraph.

Such alleged restrictive agreements may have far-reaching effects upon research and invention. This becomes clear when a research area such as electronics is artificially separated into radio applications, telephone applications, and power applications. Such a separation is contrary to the very nature and experience of scientific research. Because of such a separation it is possible that important inventions which could develop from scientific research in the field of electronics may not evolve at all. The significance of such agreements becomes evident when the companies involved have the important research capacities which exist in RCA, General Electric, Westinghouse, and American Telephone and Telegraph, and when the development areas are as important as the radio purpose field which includes, among others, radar and electronic instruments for guided missiles.

The possible effect of such agreements on the research and development capacities of the companies involved was

described as early as 1932 by Dr. Frank B. Jewett, President of Bell Research Laboratories of AT&T, when he said: 8/

> Experience has already proven conclusively that research undertaken in one field may turn out to have a by-product value in another field which is even greater than the direct value within the field in which the research was undertaken. Many of our own large values in the telephone business are directly the result of research work undertaken for an entirely different purpose and without realization of its direct application to the telephone business. In such cases the work would never have been started if our sole criterion was its prospective value in our going business.
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> The far-reaching effect of the proposed agreement on the character and scope of our research and development work is apparent. Viewed both from the standpoint of the research worker in our laboratories and from the standpoint of those responsible for the expenditures incurred by the Laboratories, the inevitable result would be a narrowing of the field of activity and failure to undertake anything which at the outset is not clearly directed to the field of our current business. From the standpoint of the man who has a brilliant idea which in its first nebulous form seems to be applicable outside our business, there will be little or no urge to go ahead in the face of a situation where he knows that the results of his work have been sold in advance outside of the Bell System. From the standpoint of management there will likewise be no incentive, but quite the reverse, to urging him on and appropriating money for his investigations.

8/ Exhibit 577 in the Federal Communication Commission's Investigation of the Telephone Industry conducted pursuant to Public Resolution No. 8, 74th Congress.

It is significant that on June 8, 1953, General Electric implied that its research activities in the electronics field had been hindered as a result of its agreement with RCA. In an affidavit 9/ by Dr. W.R.G. Baker, Vice-President of General Electric and the General Manager of its Electronics Division, it was pointed out:

> Electronics is still a rapidly expanding field, with new developments such as transistors and color television making patents and associated licensing arrangements a very significant factor in the research, production and marketing of electronics products.
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> Early in 1950, in anticipation of the fact that after December 31, 1954, our patents would have a market value unaffected by any RCA sub-licensing rights, General Electric Company undertook a program of expansion and investment in electronics research and development. In the period prior to January 1, 1955, this program can be expected to produce inventions of varying weight and significance. The value of each of these General Electric inventions is seriously depreciated by RCA's representation that it will continue after December 31, 1954, to have the right to grant sublicenses to third parties under patents issued on these inventions.

9/ The affidavit was filed with the Court in Delaware in support of a General Electric motion for construction and enforcement of the 1932 consent decree in United States v. Radio Corporation of America (Civil No. 793, D. Del).

Another illustration of the importance of antitrust enforcement to the development of more extensive research can be found in the IBM case. 10/ In the Government's complaint filed in 1952, we charged that there was an understanding between IBM and the National Cash Register Co. to stay out of each other's field. National Cash was to remain out of the tabulating field and IBM was to remain out of the cash register field. This understanding resulted after National Cash had developed a cash register punch for use with tabulating machines manufactured by Powers-Samas and threatened to enter the tabulating field. IBM, as a retaliatory measure, then developed a combination cash register punch for use with IBM tabulating machines and threatened to enter the cash register field. When their understanding was reached, both companies discontinued the production of their respective cash register punches. It is significant that National Cash only recently and subsequent to our IBM consent decree in 1956, announced plans to develop electronic computers.

When firms have an agreement to stay out of each other's market, there is little incentive for each firm

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10/ U. S. v. International Business Machines Corp. Civ. No. 73-344, S.D. N.Y.

to engage in research and development in the other's field. This becomes more serious to our country's scientific research resources when the companies have large research facilities; when they are research-minded; when they manufacture complementary and substitute products; and when they have shown an ability to make developments in each other's field.

The General Electric Incandescent Lamp case 11/ illustrates why a licensee of General Electric lacked incentive to conduct industrial research when it was obligated to make available to General Electric and its other licensees all patents to inventions which it developed.

The licensees, which included such important companies as Westinghouse Electric Corporation and Sylvania Electric Products Company, admitted that they were inhibited in their research activities because of the deterrent effects of the patent licensing and sales quota arrangements imposed on the licensees by General Electric. It was explained by the president of Sylvania in court as follows:

> We sometimes gave up a line of research because we knew when we got through with the research if we obtained a patent that the patent would not have any great value to us because we would have to give 80% of the rights of the patent to General Electric. 12/

11/ U. S. v. General Electric Co., et al, 82 F.Supp.753 (1949)
12/ See 82 F. Supp. 753, 857

Judge Forman in his opinion in this case emphasized the sales quota provision of the contracts as the main "vice" in inhibiting the research and development activity of the licensees. He declared that:

> . . . the vice lies in the clause establishing a quota on sales of the incandescent lamp. This placed "B" licensees in such a position with their income circumscribed to a given fraction of General Electric sales, they could not support expenditures necessary to operate extended research and engineering development projects. 13/

The Antitrust Division has taken definite measures to try to eliminate such impediments to technological competition. It is our belief that the removal of such restraints will provide a climate in which our nation's industrial research resources can be expanded. Wherever possible, both in consent decrees and in relief proposals made to the courts, we have sought to strike down the vehicles by which the growth of such research is inhibited. And where illegal monopoly conditions have existed, we have sought to encourage the entry of competitors by positive relief measures in decrees. These provisions, among other things, have made available to industry the significant patents and worthwhile technology. Again, as a result of Antitrust enforcement in this area, many companies have

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13/ Id. at p. 858

changed their policies voluntarily with a corresponding beneficial effect on the growth of industrial research. We know from our experience that Antitrust enforcement has helped considerably to create an atmosphere which encourages the growth of industrial research and technological competition.

We in the Antitrust Division have become more and more alert to the restraints which inhibit technological competition and which impede the growth of our country's research resources. We are more alert because of the growing importance of research to our national security, and because technological competition is becoming an increasingly important factor in the struggle for markets. With the continued growth of technological competition there may come a corresponding tendency on the part of certain elements in industry to circumscribe this type of competition through illegal restraints. We must be careful that these tendencies are curbed so that competition may flourish. And so, we shall continue to devote our enforcement energies toward restraints affecting industrial research.

Such an enforcement policy, we hope, will help to protect our research resources, which are fast becoming our most vital national resource. But, all of our industries

must cooperate by bending every effort to avoid entering into activities which impede research development.

In this way industrial research will grow, stimulated by technological competition. This kind of competition is congenial to material and scientific progress and is cumulative in its effects. Let us hope that the demand created for scientific research resources by free and unfettered technological competition on the part of industry will help make our country the world's leading scientific nation -- just as free competition in the market place has made us the world's leading industrial nation.