



Department of Justice

PS
668
.56

ADDRESS

BY

THE HONORABLE WILLIAM B. SAXBE
ATTORNEY GENERAL OF THE UNITED STATES

BEFORE

THE TOLEDO AREA GOVERNMENTAL RESEARCH ASSOCIATION

12:00

FRIDAY, JUNE 7, 1974
COMMODORE PERRY HOTEL
TOLEDO, OHIO

IT WAS A PLEASURE FOR ME TO ACCEPT YOUR INVITATION TO ADDRESS YOUR LUNCHEON TODAY.

I AM PARTICULARLY PLEASED TO BE ABLE TO MEET WITH YOU EVEN BRIEFLY BECAUSE OF THE IMPORTANT WORK YOUR ORGANIZATION IS DOING.

I SOMETIMES THINK GOVERNMENT IS A LITTLE LIKE THE OLD ADAGE ABOUT THE WEATHER: EVERYBODY TALKS ABOUT IT BUT NOBODY DOES ANYTHING ABOUT IT.

IN THE CASE OF GOVERNMENT, I SUPPOSE WE MIGHT ALSO SAY THAT NEARLY EVERYBODY COMPLAINS ABOUT IT -- AND FAR TOO FEW TRY TO CHANGE IT FOR THE BETTER.

FROM ALL I HAVE HEARD, YOUR GROUP IS A HAPPY EXCEPTION TO WHAT IS AN ALL TOO FREQUENT RULE IN THE COUNTRY -- LETTING SOMEBODY ELSE DO THE WORK THAT IS REALLY EVERYBODY'S BUSINESS.

NOT EVERY PERSON CAN RUN FOR PUBLIC OFFICE OR EVEN FIND THE TIME TO WORK IN CIVIC IMPROVEMENT PROGRAMS. BUT A GREAT MANY MORE PERSONS SHOULD BECOME INVOLVED -- AND AT THE VERY LEAST WE SHOULD ALL BE FULLY INFORMED ABOUT THE ISSUES AND WHAT IS BEING DONE BY PUBLIC OFFICIALS.

EVERY CITY, EVERY TOWN, EVERY VILLAGE SHOULD HAVE A HIGHLY-MOTIVATED, NON-PARTISAN ORGANIZATION WORKING FOR MORE EFFECTIVE GOVERNMENT -- AND MORE HONEST GOVERNMENT.

THE MATTER OF HONESTY IN GOVERNMENT HAS ALWAYS BEEN IMPORTANT. BUT WATERGATE HAS NOW BEEN SO BRANDED ON THE NATIONAL CONSCIOUSNESS THAT THE CONCERN OVER PUBLIC MORALITY HAS REACHED

A LEVEL PERHAPS UNMATCHED IN OUR HISTORY.

ONE INDICATION OF THAT CONCERN WAS APPARENT EARLIER THIS WEEK, WHEN CALIFORNIA VOTERS OVERWHELMINGLY APPROVED A BALLOT MEASURE CALLED PROPOSITION 9. THE MEASURE GREW OUT OF CONCERN OVER WATERGATE AND A DETERMINATION BY ITS SUPPORTERS TO PREVENT ABUSES FROM OCCURRING AT THE STATE LEVEL.

AMONG OTHER THINGS, IT WILL REQUIRE CANDIDATES FOR STATE-WIDE OFFICE TO MAKE DETAILED DISCLOSURES OF ALL CAMPAIGN CONTRIBUTIONS OF MORE THAN \$50, AS WELL AS LIMIT THE AMOUNT CANDIDATES CAN SPEND. IT ALSO CONTAINS A CONFLICT-OF-INTEREST CODE AND WILL PROHIBIT CONTRIBUTIONS BY LOBBYISTS.

THERE WILL BE TEETH IN THE CALIFORNIA LAW. THE NEW REGULATIONS WILL BE ENFORCED BY A COMMISSION -- WITH PENALTIES FOR VIOLATIONS -- AND THE STATE WILL AUDIT ALL REPORTS OF CAMPAIGN SPENDING.

OTHER STATES -- AND EVEN LOCALITIES -- SHOULD CONSIDER FOLLOWING SUIT, FOR THE PROBLEMS WE HAVE SEEN DEVELOP IN WASHINGTON, D.C., ARE NOT LIMITED TO THE NATION'S CAPITAL.

THE EFFECTS OF WATERGATE HAVE SPREAD FAR BEYOND THE FEDERAL GOVERNMENT AND HAVE PROMPTED CONSIDERABLE SOUL-SEARCHING BY MANY GROUPS IN THE PRIVATE SECTOR.

FOR ONE THING, MEMBERS OF THE LEGAL PROFESSION ARE NOW WRESTLING WITH HARD QUESTIONS ABOUT THEIR ACTIVITIES -- PROMPTED BY THE FACT THAT SO MANY ATTORNEYS HAVE EITHER PLEADED GUILTY TO CHARGES GROWING OUT OF THE WATERGATE INVESTIGATION OR ARE UNDER INDICTMENT.

MANY IN COMMERCE AND INDUSTRY ARE GRAPPLING WITH SOME OF THE SAME QUESTIONS.

ONE REASON IS THAT 11 MAJOR CORPORATIONS ENTERED PLEAS OF GUILTY DURING THE PAST YEAR TO FEDERAL CHARGES OF MAKING ILLEGAL CAMPAIGN CONTRIBUTIONS. TEN BUSINESS EXECUTIVES HAVE PLEADED GUILTY OR DID NOT CONTEST SIMILAR CHARGES.

THOSE CASES SHOW, AMONG OTHER THINGS, THAT BUSINESS CAN ALSO HAVE ITS SEAMY SIDE, AND THAT CRIME IS NOT LIMITED TO THOSE WHO DEAL IN DRUGS OR ROB BANKS OR MUG PEOPLE ON THE STREETS.

IT HAS BECOME VERY APPARENT THAT EACH PERSON AT ONE TIME OR ANOTHER FACES HIS OWN PERSONAL WATERGATE AND ONE OF THE STRENGTHS OF OUR COUNTRY IS THAT WE USUALLY MEASURE UP TO THE CHALLENGE. BUT THERE SEEMS TO BE AN INCREASING NUMBER OF FAILURES IN THIS AREA. PARTICULARLY AMONG THOSE WHO WE LOOK TO AS LEADERS OR THOSE WHO HOLD THE PUBLIC TRUST.

WE CANNOT EXPECT TO HAVE GOOD, EFFECTIVE GOVERNMENT IF WE ALWAYS WAIT FOR SOMEBODY ELSE TO DO THE WORK. BY THE SAME TOKEN, WE CANNOT EXPECT TO HAVE AN HONEST, MORAL SOCIETY IF WE SHAVE OUR OWN ETHICS AND CUT CORNERS WITH THE LAW.

THE BUSINESS WORLD HAS PARTICULAR RESPONSIBILITIES IN THIS MATTER OF HONESTY AND DECENCY. I WISH I COULD SAY TODAY THAT ALL OF THE MANY FACETS OF THE BUSINESS AND FINANCIAL COMMUNITY ARE CONDUCTING THEMSELVES IN THE PROPER WAY. BUT THAT WOULD NOT BE AN ACCURATE APPRAISAL.

THE BULK OF THE NATIONAL BUSINESS COMMUNITY IS HONEST

AND RESPONSIBLE AND INTERESTED IN THE PUBLIC WELFARE.

BUT THAT IS ONLY THE VERY LEAST OF WHAT IS EXPECTED FROM ALL OF THEM -- AS IT IS EXPECTED FROM ALL OF US.

FROM OTHER PARTS OF THE BUSINESS COMMUNITY, HOWEVER, WE SEE THINGS THAT ARE, AT BEST, HIGHLY SUSPECT, AND AT WORST, PATENTLY ILLEGAL.

IF ENOUGH PARTS OF THE LEDGER SHEET ARE ADDED UP, WE CAN BEGIN TO SEE INDICATIONS THAT THE DRIVE TO CUT CORNERS IS SO FIERCE THAT OUR ENTIRE FREE ENTERPRISE SYSTEM COULD BE WRECKED.

THAT IS OBVIOUSLY NOT A PLEASANT PROSPECT. BUT THE BUSINESS COMMUNITY MUST BEGIN TO REALIZE THAT IT IS PART OF A LARGER COMMUNITY WHOSE MEMBERS WILL NOT BE FOREVER TOLERANT OF RAIDERS AND RIP-OFFS.

IT IS NOT JUST A MATTER OF LIVING WITHIN THE LAW. IT IS ALSO A MATTER OF FAIR PRACTICE. THERE ARE FORCES TODAY WHICH DO NOT SEEM TO WANT OUR TRADITIONAL CONCEPTS OF THE FREE MARKET PLACE TO WORK. AND OF ALL PLACES, THOSE FORCES COME FROM THE BUSINESS COMMUNITY ITSELF.

TOO OFTEN THE ONLY TEST OF EFFECTIVENESS FOR A BUSINESS EXECUTIVE IS WHETHER HE IS MAKING MONEY FOR HIS STOCKHOLDERS. AND SOME SEEM TO THINK THAT ALMOST ANYTHING IS WORTH DOING TO ACHIEVE THAT RESULT.

BUT THE FREE ENTERPRISE SYSTEM, AT ITS BEST, HAS WORKED NOT ONLY BECAUSE IT MADE MONEY FOR THOSE WITH A VESTED INTEREST, BUT ALSO BECAUSE IT HAD A SENSE OF PUBLIC RESPONSIBILITY.

THE GREATEST BUSINESSMEN AND THE GREATEST FIRMS ARE THOSE WHICH HAVE A DEEPLY-INGRAINED SENSE OF HONESTY AND MORALITY. THEY KNOW THAT THERE MUST BE PROFITS -- BUT THEY ALSO KNOW THEIR ACTIVITIES HAVE TO BE LEGITIMATE. EVEN MORE IMPORTANT, THEY REALIZE THAT THEIR HONEST PRODUCTIVITY IS OF GREAT BENEFIT TO THE NATION AND TO ITS PEOPLE.

THIS KIND OF AN ATTITUDE RESULTS IN MORE THAN A DOLLAR PROFIT AT THE END OF THE YEAR. SOMETHING ALSO HAS BEEN PROVIDED THAT MAKES THIS A BETTER COUNTRY AND IN ONE WAY OR ANOTHER ADDS TO THE QUALITY OF LIFE FOR MILLIONS.

ONE OF THE PROBLEMS OF TODAY, HOWEVER, IS THE FEELING AMONG TOO MANY IN THE BUSINESS COMMUNITY THAT ANY MEANS ARE ACCEPTABLE TO ACHIEVING PROFITS -- AND THAT THE CRIME IS NOT IN THE DOING BUT IN THE GETTING CAUGHT.

WELL, THERE ARE MORE WAYS TO BE CAUGHT THAN SIMPLY HAVING THE FBI OR THE SEC PAY A CALL. BUSINESSMEN CAN GET CAUGHT BY THE PUBLIC AS WELL.

THERE ARE INSTANCES WHERE FIRMS HAVE SUFFERED HUGE FINANCIAL REVERSES BECAUSE THE PUBLIC LOST CONFIDENCE IN PARTICULAR PRODUCTS BECAUSE OF REAL OR ALLEGED FACTORS RELATING TO SAFETY OR QUALITY.

IN OTHER WAYS, THE ENTIRE MARKET-PLACE CAN HAVE A COMPARABLE FRAGILITY, AND HANGS TOGETHER OR FALLS APART ON THAT VERY ISSUE OF OVER-ALL PUBLIC CONFIDENCE.

PERCEPTIONS HELD BY A FEW CAN BE EMBRACED BY MANY, AND

SOMETIMES IT MATTERS LITTLE HOW THEY RELATE TO THE FACTS.

IF ENOUGH PEOPLE COME TO THINK THAT CORPORATIONS ARE MOTIVATED ONLY BY GREED, THEN THAT IS REAL TROUBLE.

IF ENOUGH PEOPLE FEEL THAT MARKETS ARE RIGGED FOR THE BENEFIT OF INSIDERS, THAT'S ALSO TROUBLE.

AND IF ENOUGH PEOPLE COME TO FEEL THAT BUSINESS IS SQUEEZING THE PUBLIC FOR ALL IT IS WORTH, THEN THINGS COULD INDEED BEGIN TO COME APART.

OF ALL THE COMMODITIES WE DEAL IN, THE PUBLIC TRUST IS THE ONLY ONE THAT HAS NO PRICETAG -- AND BUSINESS FORGETS THIS AT ITS OWN PERIL.

PEOPLE WILL BE RELUCTANT TO INVEST THEIR HARD-EARNED FUNDS IN FINANCIAL VENTURES IN WHICH THEY HAVE LITTLE TRUST. NOR WILL THEY CONTINUE TO BUY PRODUCTS OF FIRMS THEY MISTRUST. AND IF THEY HAVE NO CHOICE BUT TO BUY, THERE STILL MAY BE A RESENTMENT THAT WILL SIMPLY BIDE ITS TIME FOR A CHANCE TO BE FELT.

THE RESERVOIR OF PUBLIC TRUST HAS LIMITS. THE PUBLIC TODAY IS BETTER EDUCATED AND MORE AWARE THAN EVER -- AND MORE DETERMINED TO GET A FAIR SHAKE. NO ONE HAS TO PORE THROUGH ANCIENT HISTORY TO FIND CAUSES OF DISENCHANTMENT -- WHETHER IT BE WITH BUSINESS OR WITH THE GOVERNMENT.

WHEN THE STOCK MARKET CRASHED IN 1929, VARIETY, THE SHOW BUSINESS NEWSPAPER, SAID IN A HEADLINE: "WALL STREET LAYS AN EGG."

THE BUSINESS COMMUNITY HAS LAID ITS SHARE OF EGGS SINCE THEN, TOO. WITH EACH MISTAKE, SOME MEASURE OF THE PUBLIC CONFIDENCE IS ERODED.

JUST ABOUT EVERY ASPECT OF BUSINESS IS NOW COMING UNDER CLOSER SCRUTINY BY THE PUBLIC, INCLUDING A LOT OF THINGS THAT BUSINESSMEN HAVE ALWAYS THOUGHT WERE NOBODY'S BUSINESS BUT THEIR OWN.

FOR INSTANCE, SOME PEOPLE ARE AGHAST TO SEE FIRMS RUTHLESSLY DISCHARGING EMPLOYEES BECAUSE OF THEIR AGE. GETTING RID OF OLDER WORKERS MAY MAKE THE BOTTOM LINE ON THE LEDGER SHEET LOOK BETTER, BUT IT IS HARDLY IN KEEPING WITH WHAT MANY FEEL IS ETHICAL CONDUCT.

NOR DO FIRMS CONFORM TO COMMON MORALITY WHEN THEY HAVE DEALINGS WITH ORGANIZED CRIME -- AS DOES HAPPEN IN MANY PARTS OF THE COUNTRY.

PROSPEROUS BUSINESSMEN IN THE SUBURBS MAY COMPLAIN ABOUT CRIME IN THE CENTRAL CITIES -- BUT THEY HAVE LITTLE BASIS FOR BEING UPSET IF THEY ARE ALSO ENGAGED IN ILLEGAL ACTIVITIES. OR IF THEY HAVE A CHANCE TO DO SOMETHING ABOUT CRIME AND FAIL TO ACT.

LET ME JUST CITE YOU AN EXAMPLE OR TWO OF WHAT I'M TALKING ABOUT.

NOT LONG AGO, AN ATTORNEY FROM THE ORGANIZED CRIME AND RACKETEERING SECTION OF THE DEPARTMENT OF JUSTICE HAD AN INTRIGUING IDEA FOR A TEST PROGRAM TO CUT INTO THE LOANSHARK RACKET ON THE DOCKS OF AN EASTERN SEAPORT. HE PROPOSED TO A

LEADING BANKING OFFICIAL THAT A NUMBER OF BANKS MIGHT JOINTLY SET UP AN OFFICE IN A VACANT STORE-FRONT NEAR THE DOCKS AND LEND MONEY AT LEGAL RATES TO BLUE-COLLAR WORKERS WHO WERE BORROWING FROM THE LOANSHARKS AT INCREDIBLY HIGH RATES. IF IT WORKED, OUR ATTORNEY THOUGHT, IT MIGHT DRIVE THE LOANSHARKS OUT OF BUSINESS -- OR AT THE LEAST SEVERELY CURTAIL THEIR OPERATIONS. AND IT WOULD BE AN IMMENSE PUBLIC SERVICE TO THE FAMILIES BEING BLED BY THE LOANSHARKS.

OUR ATTORNEY ALSO MENTIONED THE POSSIBILITY OF PUTTING UP SIGNS IN THE NEIGHBORHOOD TELLING WORKERS ABOUT THE BANK AND REMINDING THEM OF THE BEATINGS THEY HAD SUFFERED AND THREATS TO THEIR WIVES AND CHILDREN MADE BY THE LOANSHARKS. THE SIGNS WOULD HAVE STRESSED THAT THE BANK PROVIDED THEM WITH AN ALTERNATIVE SOURCE OF FUNDS.

THE BANKING OFFICIAL LISTENED POLITELY AND THEN ASKED IF THE ATTORNEY COULD GUARANTEE THAT THE LOANSHARKS WOULD NOT HARM THE NEW BANK. NO SUCH GUARANTEE COULD BE OFFERED, OF COURSE, AND THAT WAS THE END OF THE CONVERSATION.

IT SEEMS INCREDIBLE TO ME THAT AN OPPORTUNITY FOR GENUINE PUBLIC SERVICE COULD BE SHRUGGED OFF SO EASILY -- OR THAT BUSINESSMEN COULD BE SO FEARFUL.

NOT ALL BUSINESSMEN, OF COURSE, TAKE THAT SORT OF ATTITUDE. IN RECENT YEARS, SOME 150 MAJOR BUSINESS FIRMS HAVE OFFERED TO ASSIST IN HIRING KEY WITNESSES IN OUR ORGANIZED CRIME PROSECUTIONS AS WE HAVE SOUGHT TO RELOCATE THEM TO NEW AREAS TO SHIELD THEM FROM REPRISALS. RECENTLY, AN OFFICIAL OF ONE OF

THOSE COMPANIES CALLED ONE OF OUR ORGANIZED CRIME SPECIALISTS AND SAID HE HAD SOME BAD NEWS AND SOME GOOD NEWS. THE BAD NEWS WAS THAT THE NEW EMPLOYEE HAD BEEN ARRESTED BY POLICE FOR A CRIME UNRELATED TO HIS WORK. BUT THE GOOD NEWS, HE SAID, WAS THAT THE COMPANY WAS STILL WILLING TO HELP AND THAT THEY WOULD HIRE ANOTHER PERSON WHO HAD BEEN A KEY PROSECUTION WITNESS.

THAT WAS GOOD NEWS INDEED, FOR IT NOT ONLY HELPED ON A PARTICULAR MATTER OF SUBSTANTIAL IMPORTANCE BUT THE CORPORATION WAS WILLING TO MAKE A LARGER COMMITMENT TO THIS MATTER OF HELPING TO REDUCE CRIME AND FASHION A BETTER SOCIETY.

THERE ARE MANY WAYS THAT MANY BUSINESS FIRMS COULD BE OF SERVICE. ONE WAY WOULD BE TO STOP DEALING WITH ORGANIZED CRIME OR TOLERATING ORGANIZED CRIME ACTIVITIES.

SIGNS OF ORGANIZED CRIME INVOLVEMENT ARE EASY TO SEE, ESPECIALLY IF BUSINESSMEN WILL JUST KEEP THEIR EYES OPEN. BOOKMAKING AND LOANSHARKING OFTEN ARE CARRIED ON IN THE OPEN -- OPEN IN THE SENSE THAT MANY BUSINESSMEN KNOW WHO THE LOANSHARKS AND BOOKMAKERS ARE. FIRMS SHOULD BE ALERT TO THE SIGNS AND REPORT THEM TO AUTHORITIES.

THERE IS A PUBLICATION CALLED "DESKBOOK ON ORGANIZED CRIME" DISTRIBUTED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES. IT COSTS \$1.40 A COPY, ONE OF THE BEST INVESTMENTS ANY COMPANY COULD MAKE, AND IT SHOULD BE REQUIRED READING FOR ALL BUSINESSMEN.

ALL TOO OFTEN, BUSINESSMEN THEMSELVES GET INVOLVED WITH ORGANIZED CRIME. THEY BORROW MONEY FROM LOANSHARKS. THEY PLACE

ON THE ESSENTIAL FORCES WHICH MAKE OUR FREE ENTERPRISE SYSTEM WORK EFFECTIVELY.

THERE SEEMS TO BE A WIDESPREAD BELIEF AMONG THE AFFLUENT THAT CRIME IS THE EXCLUSIVE PROVINCE OF THOSE IN THE MORE MODEST ECONOMIC GROUPS. THAT VIEW SHOULD BE SUBJECTED TO A HARSH RE-EXAMINATION, AND THERE IS NO BETTER PLACE TO START THAN IN THE AREA OF ANTITRUST ACTIVITY.

THOSE WHO FIX PRICES AND RIG BIDS AND ALLOCATE MARKETS ARE NOT COLORFUL ADVENTURERS OPERATING IN THE MAIN STREAM OF CAPITALISM.

THEY ARE ENGAGING IN THE MOST PREDATORY TYPE OF CONDUCT. BUT MORE TO THE POINT, THEY ARE ENGAGING IN ILLEGAL CONDUCT.

INSTEAD OF ONE VICTIM, HOWEVER, EACH OF THEIR ILLEGAL ACTIONS CAN CLAIM THOUSANDS OF VICTIMS -- AND CAN AFFECT THE NATION'S ECONOMIC WELL-BEING IN THE BARGAIN.

INSTEAD OF CLANDESTINE MEETINGS ON DARKENED STREET CORNERS, THESE MEN MEET IN EXPENSIVE HOTEL SUITES -- OR ABOARD YACHTS -- TO CARRY OUT THEIR ILLEGAL SCHEMES.

IT'S NOT AS THOUGH THERE WAS ANYTHING NEW IN ALL OF THIS. THE SHERMAN ANTITRUST ACT BECAME LAW IN 1890 -- AND FOR 84 YEARS WE HAVE SEEN VIOLATIONS AGAIN AND AGAIN AND BY THE SAME COMPANIES IN SOME OF OUR MAJOR INDUSTRIES.

IN CASE ANYONE THINKS THAT WHITE COLLAR CRIME IS A BENIGN MATTER, LET ME JUST READ YOU A FEW WORDS FROM A FEDERAL JUDGE WHO SENTENCED DEFENDANTS TO JAIL IN A RECENT PRICE FIXING CASE. HE SAID THIS:

"IT IS TRUE THAT YOU HAVE NOT TAKEN THE MONEY OF ANY ONE PERSON BUT YOUR PRICE FIXING ACTIVITIES HAVE COST THE PEOPLE OF THIS COMMUNITY HUNDREDS OF THOUSANDS OF DOLLARS. YOU DID NOT DO THIS BECAUSE YOU WERE HUNGRY OR COLD OR IN NEED. YOU DID THIS OUT OF MOTIVES OF SELFISHNESS AND AVARICE. YOU HAD THE BENEFITS OF THE FINEST EDUCATION AND MATERIAL ADVANTAGES OUR SOCIETY CAN GRANT. YOU ACTED IN FULL AWARENESS OF THE ILLEGALITY OF YOUR CONDUCT."

NO ONE KNOWS WITH ANY PRECISION THAT AMOUNT THAT PRICE FIXING TAKES FROM THE PICKETS OF THE AMERICAN PUBLIC YEAR AFTER YEAR, THOUGH MOST OBSERVERS BELIEVE IT IS SUBSTANTIAL.

BUT LOSS IS LOSS -- WHETHER IT OCCURS AT THE POINT OF A GUN OR AS A RESULT OF ACTIONS TAKEN IN A BOARD ROOM.

WE HEAR A GREAT DEAL OF TALK THESE DAYS ABOUT RECIDIVISM IN CRIMINAL JUSTICE -- WHERE AN OFFENDER IS RELEASED FROM PRISON AND PROMPTLY COMMITS NEW CRIMES.

IN THE ANTITRUST AREA, THERE IS INDUSTRIAL RECIDIVISM AS WELL. CERTAIN SECTIONS OF THE BUSINESS COMMUNITY MAY SEEK PERMISSION, FOR INSTANCE, TO RAISE PRICES SUBSTANTIALY. YET THEY MAY ALSO HAVE BEEN INVOLVED OVER THE YEARS IN REPEATED VIOLATIONS OF THE ANTITRUST STATUTES.

I SOMETIMES WONDER HOW THE AVERAGE AMERICAN LOOKS AT SUCH THINGS. IT MUST BE WITH A SENSE OF DEEP BEWILDERMENT AND MOUNTING FRUSTRATION.

THIS IS PARTICULARLY TRUE WHEN AN ECONOMIC PROBLEM

GROWS TO SUCH PROPORTIONS IT CATCHES EVERYBODY'S ATTENTION -- AND HITS EVERYBODY'S POCKETBOOK.

THE AVERAGE AMERICAN MAY WELL BEGIN TO ASK SOME PRETTY SERIOUS QUESTIONS WHEN HE IS TOLD A PRODUCT IS IN SHORT SUPPLY AND THAT PRICES HAVE TO RISE SHARPLY -- AND THEN HE DISCOVERS THAT THE FIRMS SUPPLYING THAT PRODUCT HAVE PROFITS THAT ARE SKYROCKETING OUT OF SIGHT.

NO ONE DENIES THE RIGHT OF BUSINESS TO MAKE A FAIR PROFIT, BUT NO FIRM OR COMBINATION OF FIRMS SHOULD USE THEIR ENORMOUS POWER TO BLACKJACK THE PUBLIC OR ENGAGE IN ILLEGAL ACTIVITIES.

IN ADDITION, FIRMS SHOULD FEEL A REAL OBLIGATION TO REPORT FULLY AND HONESTLY TO THE PUBLIC THE REASONS FOR PRICE INCREASES OR OTHER MATTERS RELATING TO THEIR PRODUCTS.

MUCH OF THE BASIS OF OUR FREE ENTERPRISE SYSTEM RELIES ON TRUST -- AS DOES MUCH OF OUR LAW ENFORCEMENT SYSTEM.

THE COLLECTION OF TAXES WOULD BE IMPOSSIBLE, FOR INSTANCE, UNLESS THE VAST BULK OF OUR CITIZENS WERE HONEST AND PAID WHAT THEY OWE. OUR SOCIETY WOULD BE CHAOS UNLESS MOST PERSONS POLICED THEMSELVES AND OBEYED THE LAWS. AND THE SAME SORT OF SELF-POLICING MUST BE DONE ON A LARGER SCALE BY THE BUSINESS COMMUNITY.

BUSINESSMEN MUST BECOME MORE AWARE OF THE TERRIBLE DANGERS POSED TO THE ECONOMY BY REPEATED AND LARGE-SCALE ANTITRUST VIOLATIONS. THE ILLEGAL PRACTICES AND THE ARTIFICIAL RESTRAINTS ADD TO INFLATION, AND CAN HELP BRING THE ECONOMY TO A STATE WHERE

A RECESSION IS MUCH MORE LIKELY.

IF BUSINESSMEN DO NOT WANT TO CONSIDER THE GENERAL WELFARE, THEN THEY SHOULD PONDER THEIR OWN -- AND WEIGH THE RISKS OF GETTING CAUGHT AND GOING TO JAIL.

THERE ARE ONLY SOME 300 ATTORNEYS IN THE ANTITRUST DIVISION OF THE DEPARTMENT OF JUSTICE. THE DIVISION'S BUDGET IS ONLY ABOUT \$15 MILLION THIS FISCAL YEAR. ONE COMPANY CAN EASILY SPEND THAT MUCH IN ADVERTISING ONE SINGLE NEW PRODUCT IN ONE YEAR.

IT IS OBVIOUS THAT WE CANNOT HAVE A POLICEMAN ON EVERY CORNER -- NO MORE THAN WE CAN HAVE AN ANTITRUST INVESTIGATOR POKING INTO EVERY BUSINESS FIRM IN THE COUNTRY.

BUT THE CORPORATE RAIDERS AND THE CORPORATE CHISELERS BETTER REALIZE THAT THERE ARE SOME TOUGH OBSTACLES IN THEIR PATH.

THE HONORABLE MAJORITY IN THE BUSINESS COMMUNITY SHOULD BEGIN TO INSIST ON MUCH TOUGHER STANDARDS AND ENFORCEMENT. SO SHOULD THE PUBLIC. AND SO SHOULD THE CONGRESS. AND SO, I MIGHT ADD, WILL THE DEPARTMENT OF JUSTICE. WE ARE SEEKING SOME 40 NEW ATTORNEYS FOR THE ANTITRUST DIVISION IN THE COMING FISCAL YEAR AND WE ARE BEGINNING TO TAKE A MUCH TOUGHER LOOK AT ALL VIOLATIONS.

EARLIER THIS WEEK THE HEAD OF THE ANTITRUST DIVISION TOLD A SENATE COMMITTEE THAT WE ARE REVIEWING THE CONDUCT OF MAJOR OIL COMPANIES UNDER OUR BUSINESS REVIEW CLEARANCE WHICH ALLOWED THE FIRMS TO BARGAIN JOINTLY WITH THE OIL PRODUCING NATIONS. WE ARE CONCERNED THAT CIRCUMSTANCES MAY HAVE SO

CHANGED THAT JOINT BARGAINING MAY NO LONGER BE APPROPRIATE FROM THE STANDPOINT OF THE ANTITRUST LAWS.

WE HAVE NOT WITHDRAWN OUR BUSINESS REVIEW CLEARANCE FOR PAST CONDUCT. BUT WE ARE GOING TO BE TAKING A CLOSER LOOK IN THE FUTURE AT ANY TYPE OF SITUATION WHICH MAY RELATE TO ANTITRUST MATTERS, INCLUDING OIL -- NO MATTER WHAT CIRCUMSTANCES MAY EXIST ON THE GENERAL ECONOMIC SCENE.

THIS PRINCIPLE OF TAKING A CLOSER LOOK AT THE MERITS OF ISSUES SHOULD APPLY TO ALL OF US -- IN GOVERNMENT OR IN ANY ASPECT OF THE PRIVATE SECTOR.

AS I SAID EARLIER, OUR DEMOCRATIC SYSTEM PLACES GREAT STRESS ON SELF-POLICING BY BOTH INDIVIDUALS AND GROUPS.

AS FAR AS THE BUSINESS COMMUNITY IS CONCERNED, THE BOTTOM LINE ON THE LEDGER BOOK SHOULD NOT BE JUST PROFIT. IT SHOULD ALSO BE HONESTY AND MORALITY.

BY ADHERING TO THOSE YARDSTICKS, UNUSUAL PROFITS MAY OCCUR FOR BOTH THE INDIVIDUAL CONSCIENCE AND OUR SOCIETY IN GENERAL. THE FREE ENTERPRISE SYSTEM SHOULD BE FREE AND NOT RIGGED. IN THAT WAY, IT CAN HELP FREE THE BEST IN EACH OF US.

THOSE IN THE BUSINESS COMMUNITY WHO MIGHT BE SKEPTICAL OF THIS APPROACH SHOULD CONSIDER THAT GOOD PRACTICES AND GOOD PROFITS OFTEN RUN HAND IN HAND.

THANK YOU.