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ADDRESS

BY

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

BEFORE

THE LIFE INSURANCE MARKETING AND RESEARCH ASSOCIATION

9:55 A.M.

WEDNESDAY, NOVEMBER 13, 1974
BALLROOM - FONTAINEBLEAU HOTEL
MIAMI BEACH, FLORIDA

I appreciate the opportunity to be with you here this morning.

As you may have noticed, the program lists the topic of my remarks as: "The Washington Scene."

But in one sense, the scene today is remarkably similar in virtually every part of the Nation.

No matter where you stand -- on the banks of the Potomac or on the banks of the Colorado -- it is plainly evident that a number of serious problems confront the Nation.

And it is equally evident that our people are deeply troubled by a number of matters.

The list is probably headed today by inflation. And the state of the economy. And whether we are heading into a deep recession -- or worse.

We are confronted by shortages -- or threatened shortages -- in energy and basic raw materials that are the building blocks of our industrial economy.

Food shortages also loom -- and if items are not in short supply, skyrocketing prices still exact a terrible toll for many.

Serious problems exist in the environment. And even more difficult problems exist within society, as a wide range of problems cause upheavals and suffering.

On top of everything else, questions are now being asked with increasing frequency about what the future holds.

Is it promising? Or is it bleak? In some ways, we are less confident as a people than we were even a year ago -- and certainly less hopeful, or perhaps less starry-eyed, than a decade ago.

One of the problems we view with increasing concern is crime. And it seems to me a great many Americans are wondering whether it is possible to really do anything about it.

The statistics would seem to be on the side of the pessimists.

Crime rose 16 per cent in the first half of this year. That is, compared with a like period of 1973, serious crimes reported to police were up by that amount.

It is a sobering statistic. After years of effort, after billions of dollars expended, crime still continues to rise.

Should we throw up our hands in defeat?

No, that is not the American way -- and that is certainly not the answer.

I believe that the vast range of problems facing the Nation can be solved. The solutions won't be easy.

With regard to crime, part of the solution rests in clearly recognizing who has the basic responsibilities for crime control.

The vast bulk of our law enforcement and criminal justice system is at the state and local level. And there it should and must remain.

I have been going around the country "jawboning" on these problems. We can give direction and assistance. But it really is up to you, in the end, to make sure your states and communities have the policemen necessary to catch criminals, have the prosecutors to convict. It is up to you to let the judges know that you expect sentences commensurate with the crime and that you don't want dangerous offenders swiftly unleashed to again terrorize society.

But as in so many things, more and more persons want to turn to Washington, D. C., for the answer -- and the proposed solution is another Federal law.

Well, let me make this as plain as possible: Turning to Washington isn't necessarily the answer; and getting a new Federal law on the books isn't the answer, either.

When I bring up this subject, I sometimes get the response that I'm just conjuring up difficulties. Well, I don't think I am.

You have all read recently of a newly-discovered crime problem in America -- professional dog fights. And what is the solution most often proposed? A Federal law banning dog fights -- and Federal enforcement of that law.

If state and local law enforcement agencies cannot control dog fighting, of all things, then we are in worse trouble than I think.

But the fact is that state and local governments have given up enormous powers in recent years. Whether we are talking about our public school systems or our public transportation systems or our welfare systems or our hospital systems, the fact is that Federal rules and regulations -- and Federal money -- now call the tune to which more and more of our society dances.

Don't misunderstand me. I do not say that Federal programs are evil or do no good. Many of them were born because state and local governments could not or would not do the job. But what I do say is that something has been lost in the development of these programs -- and that something is a measure of self-determination at the grassroots level.

If trend follows trend, the same thing could eventually happen in law enforcement.

Local government is now dependent in large measure on Federal aid -- if not revenue sharing, then some other form of support.

And if local control of law enforcement is lessened, then about the only thing that state and local government will have left to do is to patch the holes in the streets.

We seem to have lost sight of some crucial facts of life.

One is that problems will not go away by wishing them away.

A second is that we have to be tough-minded -- and remember that hard-work and self-discipline are vital to survival, as individuals and as a Nation.

In many ways, we have not lived up to the challenges of today.

That certainly is true in the area of crime. We're not winning the battle against crime. If anything, we're losing ground.

But as we lose that ground, an equally disturbing development is taking place. More and more of our people seem unwilling to develop in themselves a sense of duty or even to support those parts of our society and legal system designed to protect our liberties and the order essential to progress under freedom.

An affluent businessmen, for instance, may bribe a safety inspector or a licensing agency to overlook violations of city or state codes. He may thus pile up greater profits -- but at the same time he is corrupting the very system that makes it possible for him to prosper at all.

It is easy to pass new laws. It is easy to say it's up to Washington to do the job. It's easy to hire more policemen.

What is difficult is to build character. And it seems to me that is a major task facing the entire Nation today.

It is a challenge for each of us individually. It is a challenge for every family in America. And it is a challenge to each of our great institutions -- particularly the schools and the churches.

We cannot be ethical and resolute part of the time. It is conduct that must be embraced 24 hours a day, 365 days a year.

At the same time, I would be remiss in my own sense of responsibility if I did not make it plain that I believe that government at all levels also must do more to take the initiative more rapidly as problems develop.

Let me cite as an example for you today the matter of the controversy raging over no-fault automobile insurance.

Earlier this year, the Senate passed the National No-Fault Motor Vehicle Insurance Act -- to provide virtually automatic payments to victims suffering losses in automobile accidents, without proof that the injuries were the result of malfeasance.

The bill provides that each state be required to supervise, operate, administer, and fund a no-fault plan -- consistent with uniform, nationwide guidelines.

The Administration is concerned that as now written the Senate bill may be unconstitutional. But there is little doubt that no-fault is an idea whose time has come. And if the states do not act to authorize such a system, I have little doubt the Federal government some day will create a bill that is constitutional. The states will thus have lost another important initiative.

No one can predict the impact of a nationwide no-fault insurance system. But one benefit is seen in one of the 13 states that have enacted such laws. In Massachusetts, prior to its no-fault law enacted January 1, 1971, two-thirds of the civil suits in the state Superior Courts were motor vehicle damage disputes.

The impact of the Massachusetts no-fault legislation was dramatic -- a drop in auto liability cases of from 40 to 60 per cent in superior courts in a six-month period.

Similar results might be achieved in other states under a nationwide no-fault system. The implications seem clear: No-fault insurance coverage would eliminate a major burden on the civil dockets of the Nation's courts, and free judicial resources to deal more effectively with pressing criminal caseloads.

A nationwide no-fault plan would also benefit the consumer by eliminating expenses for legal proceedings connected with proving liability.

A recent study done for the Department of Transportation indicates consumer savings of \$1.5 billion if every state had a no-fault plan compatible with the proposed Senate standards.

This plan could also be a large step toward fighting inflation in the months and years ahead.

My overall view is that no-fault automobile insurance enacted nationwide would result in greater industry efficiency, savings to the consumer, and savings to the taxpayer.

In addition, the no-fault concept -- separating disability payments from liability judgments -- might be constructively applied to other areas as well.

Professor Jeffrey O'Connell of the University of Illinois has suggested that product defect cases could be handled by a no-fault system similar to that proposed for auto insurance.

Under Professor O'Connell's proposal, producers would be allowed to elect the type of liability plan they desired. Under a no-fault system, they would agree to pay all relevant claims.

In return, these firms would be immune to tort liability action in connection with such claims. No "pain and suffering" judgments would be awarded. Should producers feel that a no-fault payment plan would be too costly, they could continue using the present system.

What producers would presumably weigh in deciding whether to choose the no-fault package is the cost of the system. If an industry gets only infrequent, large complaints, contesting them through litigation would probably cost less than paying slightly lower claims automatically.

On the other hand, if an industry were subjected to many small claims, it might be cheaper to pay under the no-fault plan. Under this system, a firm could select no-fault for a portion

of claims, the small ones, and leave the large ones to litigation. Innovative thinking like this is needed -- especially in the area of product liability.

In the past year, civil cases filed under the Consumer Protection Act more than doubled -- and with few exceptions, these cases involved damages incurred by consumers from defective products.

With consumer advocacy increasing, the implications for Federal and state court resources seem clear. It does no good to institute no-fault automobile insurance just to have the benefits of such action eliminated by an increase in the number of similar civil suits in other areas.

I do not suggest that no-fault systems are a panacea. The concept does have its critics, and the proposed systems do have their problems.

But proposals for extending no-fault insurance coverage to areas other than motor vehicle liability should be explored. They hold the hope of making damage claims easier to collect, and payments mechanisms more automatic. Further, they can reduce the costs to producers, consumers, and the taxpayer in general.

Inflation has been with us a long time. Court crowding has been with us a long time. Today, these problems are acute, and the solution to both requires innovative thought and courage to face up to new ways of doing things.

I believe this approach has to be the rule. We must face up to our problems -- and then we have to solve them.

Every solution must be fully consistent with our system of laws and democratic way of life. For it is only because we are free that we can solve the host of difficulties which confront mankind today.

Thank you.