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INDEPENDENT BUSINESS AND PUBLIC POLICY

Statement by

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Member of the Federal Trade Commission

Before the

18th Annual Membership Meeting

of the

TEXAS INDEPENDENT PRODUCERS AND ROYALTY OWNERS ASSOCIATION



INDEPENDENT BUSINESS AND PUBLIC POLICY

It is a pleasure to visit with you on this occasion of TIPRO'S 18th Annual Membership Meeting and to discuss with you certain aspects of independent business and public policy. That is especially true since you are representatives of independent oil producers

inevitable product of an occasion such as this when it

reflects on this occasion the fine efforts of you

incorporated in the Small Business Act of July 18, 1958 (Public Law 85-536). The first part of that legislation contains a public policy statement of the Congress regarding independent business. It is in these words:

The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of the Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.

This is the general policy statement of Congress regarding small business. But more specifically, the Congress went on to say that in various ways:

It is the declared policy of Congress that the

preservation of independent businesses in large numbers.
This is because a large number of competitors in any line
of business would be expected to provide free competition

It was considered that such a system of a large number of

for the individual persons involved. Why was this
considered so important? The answer is simple: All

public policy because of their dangerous tendency unduly to hinder competition or create monopoly."

In the fifty years since its establishment in 1914, the Federal Trade Commission has done much to help preserve our American economic system of private enterprise through the maintenance of free and fair competition. It has labored to remove shackles and hindrances from free and fair competition. We are proud of its accomplishments over these fifty years of its work. But we realize that its work is unfinished. Problems continually arise but we are continued in our efforts to solve them in the interests of

replace the Trade Practice Conference Program the Commission has had in effect for many years.

While Trade Practice Conference Rules have served and

will continue to serve a useful purpose, something more was needed.

An abundance of information had developed showing that in a number of very important areas industrywide prac-

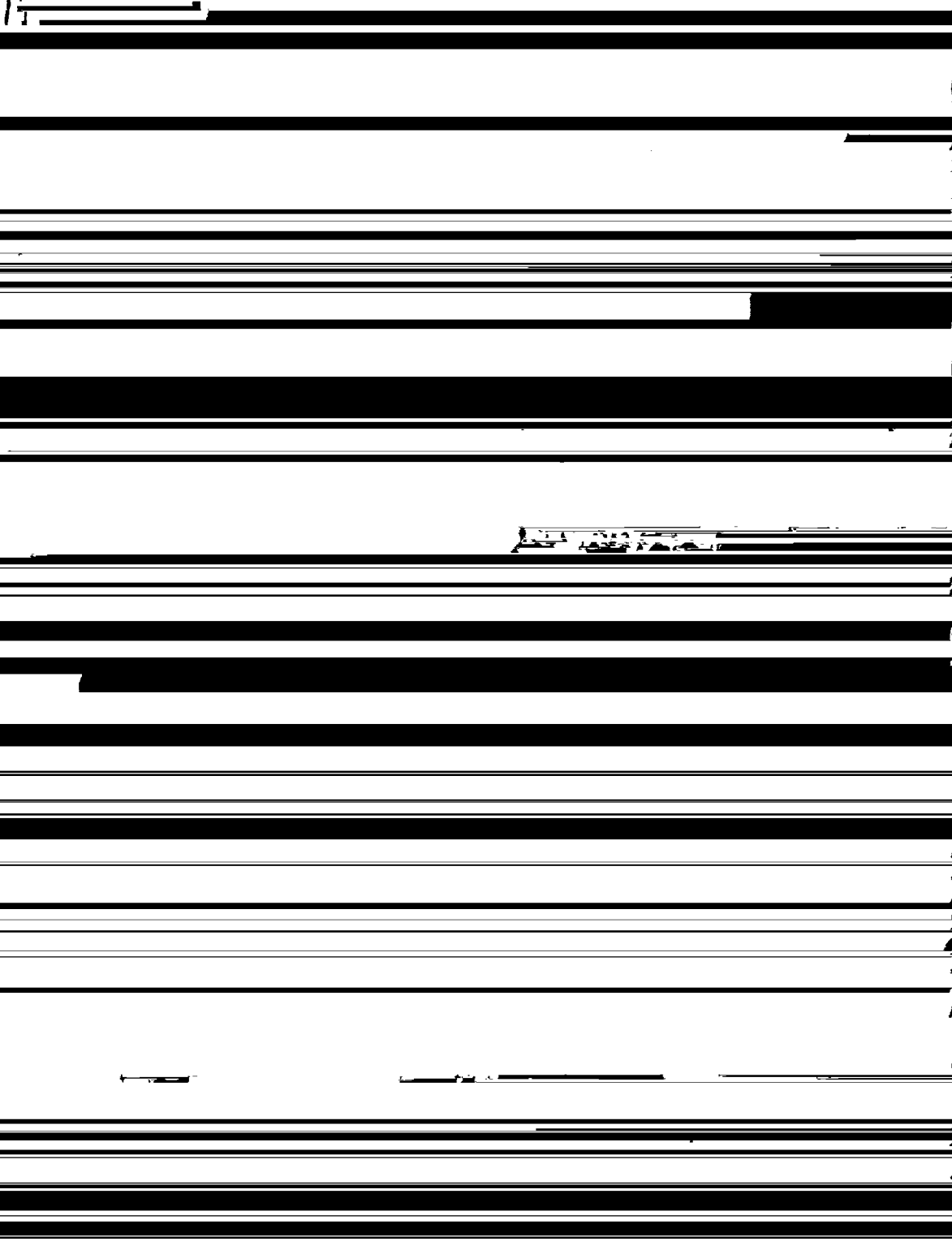
sistent with law, have been continued despite full publicity given to interpretations by the Commission through its Trade Practice Rules and guides. Thus, it has been made clear that what has been needed is some supplementary

investigations, hearings, and other proceedings, or within official notice, concerning the substantive requirements of the statutes it administers. The rules thus developed and issued by the Commission may cover all applications of a particular statutory provision and may be nationwide in effect, or they may be limited to particular areas or industries or to particular products or geographical markets as may be appropriate. Following its promulgation and issuance, and where any such rule is relevant to any issue involved in an adjudicative proceeding thereafter instituted, the Commission may rely upon such rule, provided that the respondent shall have been given a fair hearing on the legality and propriety of applying the rule to the issue in his particular case.

Of course before the Commission would promulgate and issue rules of this kind under its new rule making process, it will give proper notice and afford hearings to all interested parties on any proposed rule. The proceedings

the function of the Commission in the following terms:

. . . a Trade Commission has been created
with powers of guidance and accomodation which
have relieved business men of unfounded fears
and set them upon the road of hopeful and



describing the problem said to be at the bottom of

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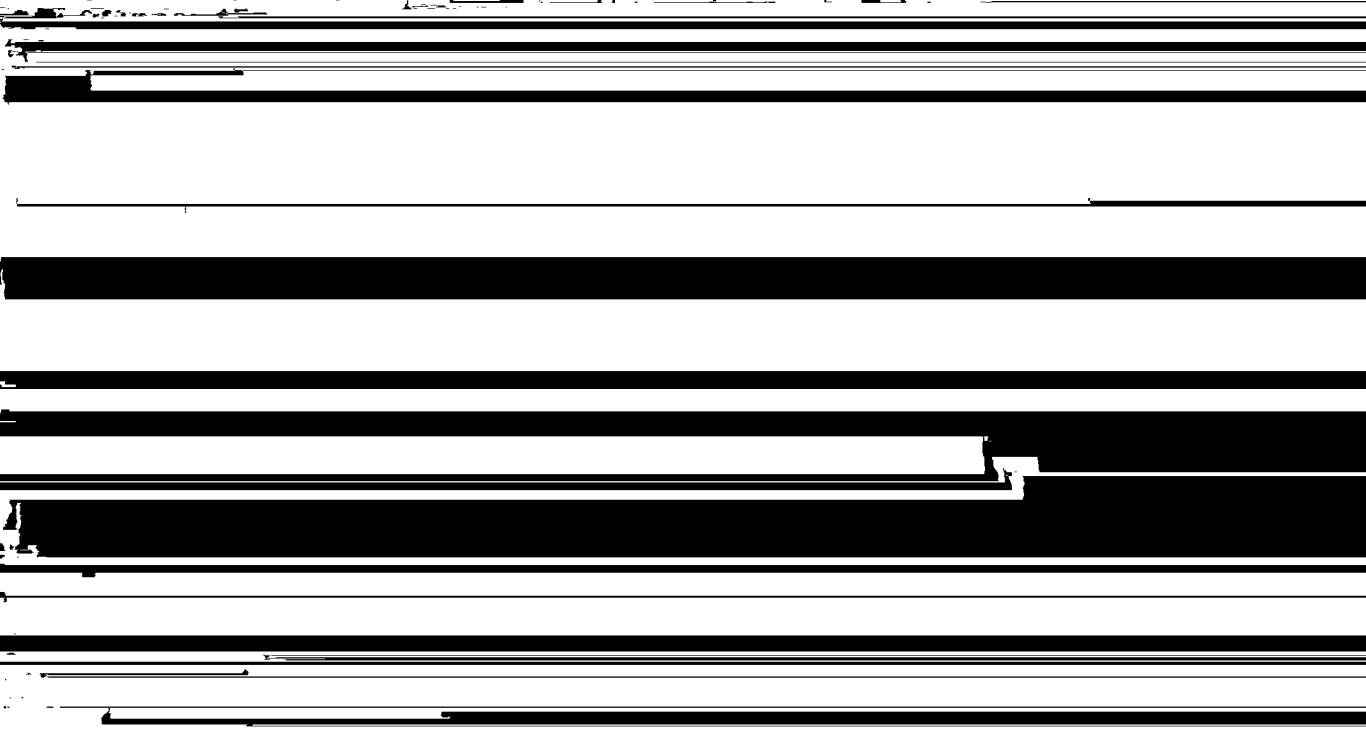
filed with the Commission a "Joinder in Petition for
a Trade Regulation Rule for the Marketing of Gasoline"
dated April 15, 1964. In that petition support is expressed
for the petition of MIRA seeking the initiation of proceedings

domestic crude oil, and the publicly announced goal of many of them is to become self-sufficient in crude oil supplies.

The petition asserted, therefore, that independent producers would benefit if the trade regulation rule procedure were utilized and a rule promulgated to end destructive gasoline marketing practices. Also, it was asserted in the petition that if that were done, it would have a direct bearing on crude oil prices beneficial to independent producers, in that it would prohibit destructive competitive practices.

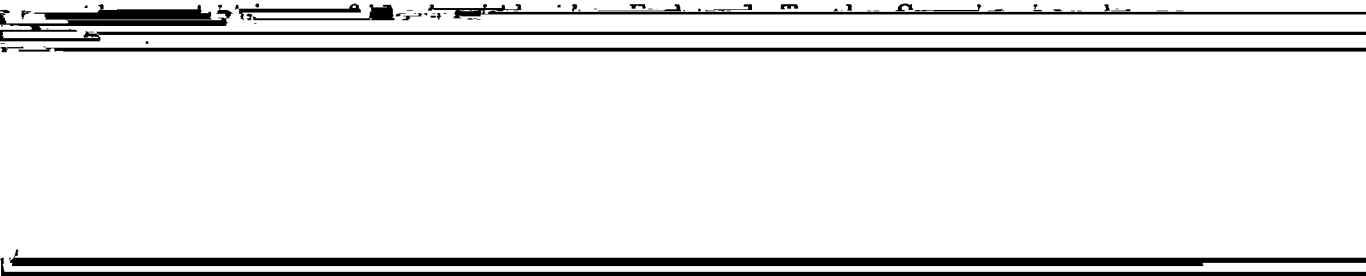
trasted with the consumer price index for all items, which has risen from 100.7 in 1958 to 105.4 in 1962.

Obviously you, as representatives of producers of petroleum, are as much concerned about what those facts portend as are the producers of agricultural products whose



have increased.

Some have raised the question as to whether the unfavorable showing in the crude petroleum price index when contrasted with the consumer price index on all items has any relation to the problems and practices presented by



You are assured that I, as a member of the Federal Trade Commission, will continue urging my colleagues, members of the Commission, to give these petitions appropriate consideration. Also, it is my view that "appropriate consideration" should include the holding of

establishments which would provide representation of the