

INTERLOCKING DIRECTORATES

It gives me great pleasure to present to this Committee the re-

of a third company. For example, Standard Oil Company of Indiana, Standard Oil Company of California, Gulf Oil Corporation, and Conti-

Vertical interlocks are particularly serious when one of the interlocked companies is a public utility that has a duty to serve all customers without discrimination. The establishment of preferential relationships with such a utility defeats one of the basic purposes of public utility regulation.

The interlocking directorate report shows the prevalence of indirect interlocks between competitors and of interlocks both direct and indirect between suppliers and customers. On the basis of this report I am convinced that Section 8 of the Clayton Act as now written would cover only a small part of the problem of interlocking directorates even if it were effective in preventing direct interlocks between competitors.

Section 8 should be amended to take care of the inadequacies which have come to light. The amendment should tighten the law against evasion so that where a directorate may not be held by the director of another company it may also not be held by an officer, employee, agent or substantial stockholder of that other company. The amendment should