

Sees Mobilization Endangering Small Business

James M. Mead, Federal Trade Commission Chairman, says program is placing strain on free enterprise system and is increasing threat of monopolistic controls and unfair trade methods. Advocates aids to small business.

Maximum utilization of small business will not only contribute to the immediate needs of the defense mobilization program but



James M. Mead

will also protect our free enterprise economy by preventing acceleration of the trend toward concentration of economic power. Chairman James M. Mead of the Federal Trade Commission told a group of Syracuse (N. Y.) busi-

nessmen on March 26.

In an address before a luncheon-meeting of the Advertising and Sales Club of Syracuse, former Senator Mead declared that the mobilization program "is placing a strain upon our free enterprise system and increasing the threat of private monopolistic controls and unfair trade methods." Intensive vigilance is needed, he said, to prevent "the accelerated growth of the concentration of economic power experienced in World Wars I and II" and to assure small business "opportunity to survive and offer real competition." He added:

"The small companies are a part of our national capacity. Their output is a part of our national strength. An equal opportunity for them to produce is essential if we are to use all our muscle.

"Thus there is harmony rather than conflict between the immediate needs of industrial mobilization and the longer run needs of a free enterprise economy. Competitive private enterprise is . . . one of the fundamental expressions of our freedom and one of the fundamental supports as well.

"To keep private competitive enterprise we must preserve small business along with large business. We must avoid a long run trend toward even greater concentration of economic power, or we shall jeopardize the survival of our competitive enterprise system. . . .

"Harnessed together for the duration, small and large enterprise will make an unbeatable team. If this is done, we shall emerge from this gigantic undertaking without injury to our free enterprise system."

The FTC Chairman pointed out that in industrial mobilization for military purposes there is a strong tendency to rely upon big companies more than upon small companies. "The strains and stresses of this mobilization period, if uncontrolled," he said, "reinforce this tendency by increasing the size and power of large enterprises and by subjecting small enterprises to special risks and difficulties."

After reviewing the factors that lead to these results, and showing how a large proportion of the country's total productive capacity is thus prevented from contributing to the country's economic strength, Commissioner Mead told his audience that "we can mobilize the maximum resources of small business if we want to do it and if we take the necessary steps now enough." Some of these steps

localities where labor is short to localities where it is more plentiful.

"Setting up special machinery for placing government contracts directly with small enterprises and for assuring, as far as possible, that subcontracts placed by large concerns go to small enterprises.

"Encouraging expansion of small enterprises by making available to them loans and tax amortization privileges.

"Making research grants to small companies with appropriate research facilities, and requiring that technology which has strategic value and which has been financed by government be made available on reasonable terms without undue restrictions to concerns that will use it for mobilization purposes."

The FTC Chairman said that the Commission, in addition to handling special projects for the defense mobilization agencies, must continue to deal with such problems as "restraint of trade and other monopolistic conditions stemming from industrial combinations, and the use of deceptive practices and unfair methods of competition."

"Because their harmful effects upon our economy are more deeply felt in times of emergency than in normal competitive periods, the Commission's task is more urgent," he said. He noted that the FTC staff has been directed to be on the watch for "opportunists in the business world who may seek to exploit consumers and the government during the national defense emergency."

In the contest between free competitive enterprise and regimented totalitarianism, Mr. Mead said, "we must not only harness to the task our productive capacity to its fullest potential, but we must also see to it that private business, which serves us all, is not pushed, or allowed to drift, into the clutches of private monopoly.

"Trade must be carried on under principles of scrupulous practices, to the exclusion of methods which injure competition by deceiving or exploiting the consumer or undermining the confidence of the people in the integrity of business."

Paying tribute to the role played by advertising in both peace and war, Mr. Mead pointed to the opportunities for service offered by present conditions. But he warned that FTC will continue to be alert to prevent "that type of presentation which would deceive or mislead, or which would seek to take undue advantage of the people under the stress of emergency."

Advertising in the emergency, he said, needs to be "scrupulously fair." He added:

"If, for example, substitute materials have had to be introduced in well-known products, it becomes highly important for the advertiser to exercise care in seeing to it that the buying public have reasonable opportunity to avoid misunderstanding.

"Moreover, we all need to be especially alert to the business opportunists who pervert and soil the good name of advertising by dishonest copy or unconscionable short cuts."

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