

Lawyers in government practice numbered nearly 30,000 in 1963, half again as many as in the early 1950's, while the corresponding rise of the number in private practice was only around 13 percent.

I have put some indication of the growth of employment in the regulatory commissions, so that you could see the justification for Lord Frank's contention that in the second stage of modern-day capitalism we increased the regulative activities of government.

I think I have pretty well documented the third stage, the increase in direct intervention by government.

In closing my formal statement I would like to make several proposals to you on the basis of the evidence I have already submitted, and I am sorry that this has been written so late that it was not possible to incorporate it in my prepared statement.

The opening evidence I have offered is an indication that government is in business in an ever larger way, even though we could wish for more documentation, and this committee might well insist on it.

As early as 1933 a special committee of the House of Representatives appointed to investigate Government competition with business reported that:

The evidence in general indicates that the operations of the Federal Government in the field of private enterprise have reached a magnitude and diversity which threatens to reduce the private initiative, curtail the opportunities and infringe upon the earning powers of tax-paying undertakings while steadily increasing the levies upon them.

In 1954 the Director of the Budget, Rowland R. Hughes, said—this is a direct quote:

The Federal Government is, among other things, the largest electric power producer in the country, the largest insurer, the largest lender, the largest borrower, the largest landlord, the largest tenant, the largest holder of grazing land, the largest holder of timberland, the largest owner of grain, the largest warehouse of grain, and the largest truck fleet owner. This is a rather amazing list.

That was 1954. I suspect the list would be longer rather than shorter if we had it for 1967.

Extensive researches have been conducted before and since to determine the size and scope of governmental business operation. As the chairman has indicated, valuable data have been amassed by the First and Second Hoover Commission, and I worked on both, on the organization of the executive branch in Government. The Bureau of the Budget has collected data, as have various congressional committees and the National Industrial Conference Board.

Official attempts and numerous unofficial attempts have been made to reduce the number of Government business enterprises since the appearance of the First Hoover Commission report as long ago as 1949.

The need now is for up-to-date, comprehensive research and interpretation of this development by what I propose, a Presidential Commission. This would assess not only the magnitude of today's governmental business operations, but would also explore the following questions:

1. Is Government business activity increasing or diminishing and in what areas are the trends apparent?

2. What was the original purpose for entering into an area previously reserved for private business? Is that purpose now still controlling? This is perhaps the Commission's most important function.