One of the "controversies" in"process of investigation" to which Mr. Young referred was a suit which the Government of the United States had brought in May 1931 against the Radio Corporation of America, organized as we have seen in 1919 on the suggestion and with the co-operation of the Navy Department.

The Corporation had secured at that time under cross-licensing agreements, rights to the great variety of patents scattered in different hands, necessary to effective international radio communication. These patents it licensed to manufacturing concerns. By 1931 licenses had been issued to thirty four concerns to make radio tubes. The competition was intense, too intense for health. It had created one of the surpluses of which Mr. Young talked at San Francisco.

From the first organization of the Radio Corporation the contract made had been filed with the Department of Justice. That is, so far as possible it looks as if the Corporation had been, or at least might have been, an open book to the department. It had also been for four years under the careful scrutiny of the Federal Trade Commission, and the complaints lodged against it there had been dismissed.

Nevertheless suspicion of the Corporation was strong in the mind of the public ignorant usually of how and why it had come into being, and believing that it was responsible for the extraordinary confusion which unfettered competition was working. It was a situation of which the Department of Justice was obliged to take notice. It chose to do so by bringing a suit in

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May 1931 after having won a case in a lower court against certain companies which had executed what seemed to be identical, or at least sufficiently similar, pooling agreements to those of the Radio Corporation.

The Corporation met the attack by announcing that it welcomed the suit. It had been in operation for more than ten years. It had advised the government of every step of its growth. If there was anything illegal in its set-up then the Corporation, its officers, directors and stockholders were more deeply interested in that question than either the government or any other group could possibly be. It was very glad, therefore, that a test case had been brought. It preferred very much to have such a question out of politics.

Before the end of the year the decision on which the Department had rested its case was reversed by the Supreme Court. Therefore the company went to the Department asking if it had further criticisms, ~~faiths~~ criticisms, agains the organizations and if so suggesting that an attempt be made to settle them by negotiation. There were criticisms. There was a certain participation in the General Motors Radio Company which the government did not like - the Radio Corporation promised to withdraw, although it contended that it believed that the arrangement would be upheld if carried to final judgment. The government took exception to the company's relations with the United Fruit Company, to certain international agreements and those were amended. It also took under consideration the Department's suggestion of an "open

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patent pool."

"All this was done,"the General Electric said later, "to the end that prolonged and expensive litigation might be avoided, that the cost of such litigation might be saved to the Corporation's shareholders and the Government, that the energies of the officers and experts of the companies concerned might be devoted to constructive work in the interest not only of these companies and their stockholders but as well in the interest of the radio industry as a whole, all in the hope that stable conditions might early be brought about in the radio industry, which has suffered as few industries have from present economic conditions."

The Department was not satisfied, however, and in March of this year announced a new suit seeking injunction against some of the very arrangements which the Corporation claimed it was taking steps to change.

It looks to a layman like myself, believing in regulation through co-operation between business and the government departments set up to see that there is justice all around, co-operation until an industry has proved itself so recalcitrant it must be prosecuted, that the suit is a case of rushing into court before negotiations have failed.

It can hardly be said that the radio business is restrained. It has been estimated that the country is now equipped to make twenty five million sets per year and that our capacity is around three million sets - a case of too much

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rather than too little opportunity. Of the total business in radio receiving sets the Radio Company and its associates do around twenty per cent - in radio tubes about forty per cent - certainly not monopoly.

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