

WHITE-COLLAR CRIME

HEARINGS
 BEFORE THE
 SUBCOMMITTEE ON CRIME
 OF THE
 COMMITTEE ON THE JUDICIARY
 HOUSE OF REPRESENTATIVES
 NINETY-FIFTH CONGRESS
 SECOND SESSION
 ON
 WHITE-COLLAR CRIME

JUNE 21, JULY 12, AND 19, AND DECEMBER 1, 1978

Serial No. 69



Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE
 WASHINGTON : 1979

602177-
602178

Presidential commitment to fighting white-collar crime almost leaps from the discussion that has been had thus far on the subject.

One of this subcommittee's goals is to continue to the next logical step the Temporary National Economic Committee hearings of the late 1930's, the Kefauver and McClellan organized crime hearings, and the Hart and Kennedy antitrust hearings, in an attempt to update ourselves on this enormous subject of white-collar criminality.

Without any further ado, we bring back the professor who worked perhaps more with the late Professor Sutherland, the father of white-collar crime analysis, than anyone else, Professor Cressey. He has published a great deal on this subject and related subjects in the field of criminology. I welcome him again to the committee. His expertise in the area of white-collar crime is well known.

His statement, which he has prepared for this appearance before the subcommittee, will be incorporated in whole into the record at this point.

Good morning, Professor.

**TESTIMONY OF DONALD R. CRESSEY, PROFESSOR OF SOCIOLOGY,
UNIVERSITY OF CALIFORNIA, SANTA BARBARA**

[The prepared statement of Professor Cressey follows:]

STATEMENT OF DONALD R. CRESSEY, PROFESSOR OF SOCIOLOGY, UNIVERSITY OF CALIFORNIA, SANTA BARBARA

In my June 21st testimony, I stressed the fact that crime rates are always high when people do not believe in the law. This principle seems to work for the rich as well as for the poor, and I would like to elaborate on it today.

Recurrent news stories remind us that neither European terrorists nor other foreign terrorists are flag-waving patriots. They equate capitalism with exploitation. They therefore refuse to attribute legitimacy to established government in capitalist societies.

In the 1960's, too, we were frequently reminded that members of American militant organizations commit crimes against what they consider illegitimate and unjust social institutions. Ironically enough, government officials got so nervous they responded illegitimately. They intercepted letters, bugged telephones, and wrote defamatory letters anonymously, all in the name of national security. They also arrested hundreds of people illegally, in some cases for crimes that had been set up by undercover police officers. Crimes motivated by antagonism toward established institutions also stimulated more legitimate responses. Thousands of meetings, conferences, even Congressional Hearings, led to modification of government practices. The Vietnam War ended. The draft stopped. The government became more open. Affirmative action programs were introduced. Some corruption was exposed. Wise leaders showed, in short, that the cure for the ills of democracy is more democracy.

Now we are beginning to recognize white-collar crime as a social problem. Can this ill of democracy be cured by instituting more democracy? Sociologists, criminologists, and others have long noted that the motivation for some white-collar crimes is similar to the motivation of terrorists and militants. Some businessmen have so little respect for the law that they would prefer an anti-trust indictment to being caught wearing argyle socks. They violate regulatory criminal laws with impunity. In my earlier testimony I mentioned several studies which have documented the fact that they do so because they do not believe in the laws. This is just another way of saying that they consider the laws unwise and, thus, illegitimate. Even the first study of white-collar crime—Edwin H. Sutherland's analysis of the crimes committed by the 70 largest American corporations—showed that some business executives become habitual criminals because they deny the legitimacy of American institutions. In this respect, they are like the terrorists and other extreme radicals.

This finding—that businessmen violate laws they consider illegitimate—has fantastically important implications for U.S. Congress Members and other lawmakers. Sutherland even called business leaders “subversive,” an epithet used frequently in the 1940’s and early 1950’s to refer to liberals and others accused of un-American activities. “If the word ‘subversive’ refers to efforts to make fundamental changes in a social system,” he said, “business leaders are the most subversive influence in the United States.”

It is not just that businessmen have a reckless disregard for the law. Also significant is the fact that they have a powerful voice in determining what the law shall be, how it shall be interpreted and enforced, how its violators shall be dealt with. As the late Senator Philip Hart of Michigan put it, “When a corporation wants to discuss something with a political representative, you can be sure it will be heard. When a company operates in 30 states, it will be heard by 30 times as many representatives.”

Despite my agreement with this statement, I am convinced that it is possible to change the law, or the attitudes of businessmen, or both, in ways that will benefit the nation. The problem is more a problem of improving the nation’s ethics than one of trying to reduce white-collar crime by setting up defenses against it. It is ridiculous to let white-collar crime (or any other kind of crime) take root and grow in fertile soil and then try to frustrate it, rather than trying to do something about its breeding grounds. What is needed is a grass roots program, sponsored by business leaders, which will convince more businessmen that America’s regulatory laws, and the government behind them, are legitimate. Only a few nuts and a few extremists violate the laws of governments they revere.

Is it possible to get white-collar people to revere the SEC, the FTC, the IRS, the FDA, Anti-Trust Division of the Department of Justice, and other agencies housing white-collar police officers? I think so. We all remember the automobiles decked out with American flags on their antennas and displaying red, white and blue stickers on their bumpers; Support Your Local Police. Maybe we can get business executives to sport similar bumper stickers saying “Support Your Federal White-Collar Police.”

I shall deal with this ethical theme more seriously after dwelling briefly on another theme, namely that the effectiveness of punishment also depends on whether the punishers are perceived as legitimate or not. If you do not believe in the law, you are not likely to be affected very much by punishment for violating it. Let me merely note, before discussing this point, that the issue of business ethics is critical to the survival of capitalism. Italy is about to go communist because Italians are tired of being mucked about by “the establishment.” In a Wall Street Journal article, Fred T. Allen, Chairman and President of Pitney-Bowes, recently gave American businessmen the following message:

“As businessmen, we must learn to weigh short-term interests against long-term possibilities. We must learn to sacrifice what is immediate, what is expedient, if the moral price is too high. What we stand to gain [by immorality] is precious little compared to what we can ultimately lose.”

Consider punishment. The temptation is for Congress Members and members of the Executive Branch to put the solution to our white-collar crime problem in the hands of the Judicial Branch. If the courts would just hand down more severe sentences to white-collar criminals, the Deputy Attorney General told this Subcommittee last week, our businessmen would be terrorized into conformity. But a month ago, I told the Subcommittee that stepping up punishments of white-collar criminals might mean simply that we have decided to engage in unjust discrimination against the rich. Now I note that there is an even more severe defect in this punitive plan: Punishment neither reforms criminals nor deters others unless the punished respect the punishers and also respect the norms underlying the penalty.

Recent experiences with terrorists have once again documented this well-known principle. They are not deterred by actions of a state they do not consider legitimate. Getting closer to home, everyone knows that when crooked police officers work ghetto beats, inner-city youth learn that you go to prison for inability to fix your case, not because you have done something wrong and deserve to be punished. Further, it probably is true that prison recidivism rates are high because most prisoners think the government is for sale, lawlessness is the road to wealth, honesty is a pitfall, morality is a trap for suckers. Punishment, not crime, is the thing to avoid.

Now it seems to me that businessmen, especially big businessmen, think they witness the same kind of government hanky panky that ghetto youth and blue-collar criminals think they see. The difference lies in the fact that businessmen are closer to the government they disrespect. Many analysts, including the Commerce Committee of this House, have noted that the businessmen being regulated by criminal laws and white-collar police agencies are frequently and intimately involved in their own regulation. It is no secret that there is a flow of personnel, especially top-level personnel, between business or legal firms representing business and the government agencies which regulate these businesses.

Put in cruder terms, government processes and agencies are dominated by the very criminals they are expected to control. It is no wonder that businessmen as a group have so little respect for regulatory criminal law. It is no wonder, either, that they seem indifferent to punishment.

Among terrorists, terrorists are not intensely hated, are not considered outlaws, are not ostracized. Among those businessmen who think their government and its laws are not legitimate, white-collar criminals are not intensely hated, are not considered outlaws, are not ostracized. Accordingly, when a white-collar criminal is convicted and punished, the attitude is, "The bastards got poor old Charlie." The attitude is not that of a person who is deterred by exemplary punishment—"The bastard was violating the law of the land." Spiro Agnew is these days eating shish kebab with businessmen who want to cut off the hands of shoplifters. Consistently, a little study of medical malpractice suits found that ninety percent of the doctors reported no negative effects on their practice, and that eight percent reported that their practice improved after the suit. A radiologist whose practice improved said, "I guess all the doctors in town felt sorry for me because new patients started coming in from doctors who had not sent me patients previously."

A short excursion into the past might help make sense of such contemporary indifference to white-collar crime. A few centuries ago, government had prestige because it was based on the divine character of the sovereign. Fixed social classes had mutual duties to each other. As world commerce began to develop, the traditional restrictions on economic activity became irksome. With the industrial revolution, rebellion against those restrictions resulted in a system of relatively free competition, with an accompanying individualistic ideology according to which social welfare is best attained if every person works for his or her own selfish interests.

The democratic revolutions, with their accompanying ideologies of natural and inalienable rights, cannot be clearly separated from this economic and ethical revolution. Participants in the new order resisted any measures which would inhibit free competition, and the slogan, "The least government the best," was given homage. Each participant was supposed to rebel against restrictions on personal behavior and therefore was supposed to help keep government weak.

But as commerce and industry developed it became obvious that competitive advantages could be secured through government manipulation. Economic competition was extended into the political sphere. Individuals and industries secured tariffs, franchises, patents, and other special privileges. Both by emphasis on a "hands off" policy and by emphasis on special privileges, government was made less effective as a controller of behavior.

The attitudes and ideology which developed with the industrial and democratic revolutions were thus opposed to the authorization principle in government and other institutions. New criminal laws were enacted in an attempt to control personal behavior in a world of competing strangers, but the laws tended to receive support only from special interest groups. The result was, and is, the anomalous condition of a great amount of legislation and little respect for legislation. Also, ethics became utilitarian. That which persons and organizations could get a legislature to outlaw was unethical to those who influenced the legislature to outlaw it, but it was not necessarily unethical to those who saw the regulation of their behavior as a mere political victory on the part of their competitors.

The ideology of individualism encouraged each citizen to disregard social welfare in the interest of selfish satisfactions, and the transfer of this ideology to the political sphere came to mean something like "anything goes." Each group then rebels against the legislation forced on it by other groups, and in a competitive process each group tries to secure legislation to regulate other groups. It is easy to break laws derived from a source that one does not greatly respect, and it is

easy to manipulate policies in the interests of one's own group when so few people have an interest in the welfare of all.

Under such conditions, the crime rate is bound to be high. Regulatory laws and even criminal statutes are viewed as implementations of the desires of one's competitors, not as codification of ethical principles or as attempts to minimize criminal behavior in the public interest, for the common good, or for the general welfare. Multiple moralities abound.

As I pointed out when I was here before, Olinard long ago noted that in America the prevailing attitude law obedience is that all laws except those dealing with very serious offenses may be violated if one can get away with it or, put another way, that laws should be selectively obeyed according to one's interests. This attitude appears as people violate traditional laws, and also as they violate more recent laws pertaining to drunken driving, marijuana smoking, and military service. But the attitude can be seen most clearly in white-collar crimes—tax evasion, business fraud, political corruption, and selective obedience to the many laws governing business, labor, and agriculture.

It seems to be true, then, that the ideology of individualism puts the focus on profits and obscures any enduring principles about what is right and what is wrong in a moral or ethical sense. The idea that "anything goes" puts American businessmen in bed with gangsters—persons who acquire with individual merit and a gun that which is denied them by the complex orders and forbiddings stemming from ethical principles such as The Golden Rule. Thorsten Veblen, a turn-of-the-century economist, put the matter this way:

"The ideal pecuniary man is like the ideal delinquent in his unscrupulous conversion of goods and persons to his own ends, and in a callous disregard of the feelings and wishes of others and of the remoter effects of his actions, but he is unlike them in possessing a keener sense of status and in working more farsightedly to a remoter end."

This assertion was not dramatically refuted by a study, published in the Harvard Business Review some years ago, that found that half the 1,700 corporation executives polled agreed with the following statement:

"The American business executive tends to ignore the great ethical laws as they apply immediately to his work. He is preoccupied chiefly with gain."

Neither has Veblen's characterization of businessmen been refuted by more recent polls along the same lines. I earlier quoted a statement by Fred T. Allen, Chairman and President of Pitney-Bowes. In 1975, Mr. Allen became troubled by the almost daily revelations of corporate bribes and payoffs in the United States and abroad, and by the steep decline in the public's esteem for business and its practitioners. In a Geneva address which was published in the Wall Street Journal, he said corporation executives were beginning to be perceived as "little more than manicured hoodlums." To get a line on the prevailing attitudes among corporations, his company commissioned a survey. The objective was to find out how some 531 top and middle managers, from a representative selection of all business sectors, viewed bribing foreign officials to attract and retain contracts. The results are a sad commentary on the state of American business ethics.

Fifty percent said that bribes should not be paid to foreign officials, but 48 percent said they should be paid if such practices are prevalent in a foreign country. Of those who accepted the practice, 68 percent said it was a cost of doing business in certain countries. And 38 percent said it was an established practice, inferring that there was no way to get around it. Some consolation is available from the fact that 64 percent of those who would not pay bribes said they would refuse on moral grounds.

Mr. Allen was startled by these findings. He asked corporate leaders to set realistic sales and profit goals, to spell out ethical codes, and to demonstrate that they "will not tolerate wrongdoing of any kind by anyone."

It is a bit ironic, therefore, to find that when the managers of his own company were surveyed anonymously in 1977, the majority said they feel pressure to compromise personal ethics to achieve corporate goals.

Similarly, a 1976 study by Uniroyal and University of Georgia Professor Archie B. Carroll III found that 70 percent of Uniroyal managers and 64 percent of a random sample of corporate managers perceived company pressure on personal ethics. Most managers believed that their peers would not defy orders to market off-standard and possibly dangerous products, although a majority insisted that they personally would reject such orders. The majority also said young managers automatically go along with their superiors to show loyalty.

These studies of corporate morality probably apply equally well to price fixing, illegal allocation of markets, false advertising, bid rigging, illegal use of insider information, shareholder ripoffs, and other white-collar crimes. Especially relevant is the finding that young managers go along with the questionable practices of their superiors. President Johnson's Commission on Law Enforcement and Administration of Justice went further. The Commission noted that more than young managers are influenced. When respectable white-collar people go wrong, they provide blue-collar people with one more piece of evidence that morality is a trap for suckers:

"Derelictions by corporations and their managers, who usually occupy leadership positions in their communities, establish an example which tends to erode the moral base of law and provide an opportunity for other kinds of offenders to rationalize their conduct."

All in all, then, it seems safe to conclude that our white-collar crime problem is a direct outcome of divisiveness and multiple moralities which have developed over the years. Nowadays, learning to behave according to a morality which makes it all right to engage in price fixing, false advertising, or bid rigging is as easy as learning to drive a car faster than 55 miles an hour.

Once this has been acknowledged we are faced with the task of developing a single morality, one which makes it unethical to ignore the public interest, the common good, the general welfare. This task is beyond the capabilities of the sociologist and criminologist. For that matter, it probably is beyond the capabilities of Congress too. Nevertheless, it is just possible that Congress—and this Subcommittee in particular—can stimulate American businessmen to move toward development of a national sense of community which would make white-collar crime unthinkable. There are three prongs on my utopian spear, and I hope you will launch it.

First, businessmen must come to respect government. If they are to do so, government must clean up its own act. Recent scandals have helped popularize the idea that government is corrupt, boss-ridden, and ineffective. A public opinion poll taken about 6 months ago found nine out of ten Americans asking Congress to do something about corruption in government. It is easy to condemn businessmen and corporations for making illegal political contributions while overlooking the fact that some aggressive candidates or their fund solicitors subtly or openly threaten retribution to those who do not come across with a donation. Businessmen know how laws are made and enforced. Perhaps that is why some have so little respect for law. Higher ethical standards in government would set an example for businessmen and would represent a great leap forward.

The legislative, executive and judicial branches of government (at all levels) also would take a giant stride if key officials formulated and announced clear definitions of unethical business behavior. Such an exercise of leadership would not require an excursion into the murky politics of defining white-collar crime. It is proper to denounce crimes against business, but this should not distract from the need to condemn unfair business practices. All we need from government leaders is a reiteration of the ethical and moral principles—even the economic and political principles—on which our regulatory agencies were created. If these principles have changed we should know about it, and the relevant agencies should be abolished. But if there is something enduring about the principles, politicians should say so, over and over and over.

Second, consumers and other victims of white-collar crime should organize into pressure groups. It is a fact that our politics are now the politics of special interests. Business interests have had a strong voice in the making of laws and in the enforcement of them. They have successfully confused the issue of whether violations of regulatory laws are "real" crimes. They have fought to secure the appointment of enforcement personnel who will be friendly and quiescent in the face of clear violations of law or, if action has to be taken, will act politely and considerately. Enforcement agencies have not had the funds or attitudes necessary to educate the public about the dangers of restraint of trade and similar crimes, even as they have—in several campaigns—tried to educate citizens about the dangers of organized crime.

A powerful consumer organization with knowledgeable members could undo some of this mischief. In a Harper's Magazine article appearing a few years ago, Milton Viorst, the noted political columnist, asked a rhetorical question: "How can one expect an administration—any administration—to curb the power

of the giant corporations that are its chief source of political financing?" My response is that government will curb the corporations when people organize into groups more powerful than the corporations. At a minimum, an organization of consumer power demanding law and order in the corporate world would get an audience with political candidates.

Further, strong consumer organizations could prevent restraint of trade, false advertising, pollution, and similar crimes. They could do this by boycotting and otherwise raising hell with businesses that engage in crimes, that cheat them, raise their taxes, throw them out of work, or cause their small businesses to fail. According to Viorst, the Antitrust Law and Economic Review posed and answered another rhetorical question: "Why does the American public tolerate the degree of monopoly we now have? The answer is that they don't know about it."

Restraint of trade and other economic crimes flourish at points in the economic system where organizations with power encounter weak potential victims. Then the victimization is like taking candy from a baby. A pioneering American sociologist said that business crimes "lack the brimstone smell" associated with long-standing Biblical proscriptions. Consumer organizations whose members educated each other about their own interests could put the smell of sin into white-collar offenses, thus helping business executives change their ethical standards.

The third and most important part of a good program to conquer white-collar crime would stimulate business leaders to develop and publish ethical codes and then stick to them. Indeed, the first two divisions of the program should be directed at the development of such mechanisms of self regulation. The Wall Street Journal article by the Chairman of Pitney-Bowes, mentioned earlier, announced the third part of the program in the following terms:

"It is, of course, easy for me or any executive to sound forth with a litany of high-minded principles. It is far more difficult to imbue an organization with the ideals behind the words. And it is most difficult of all for an executive to make sure that those ideals—once spelled out—are also carried out by employees at all levels.

"And yet that is exactly what we must do. Business organizations take their cues from their leaders. It is up to the leader to make sure that ethical behavior permeates the entire company. Employees must know exactly what is expected of them in the moral area and how to respond to warped ethics."

I have not been able to locate any such company campaigns aimed precisely at making white-collar crime so immoral that it is unthinkable. However, there are straws in the wind. Business ethics is now a popular topic of conversation in schools of business administration and in businessmen's clubs and executive suites all over the nation. Earlier I referred to a survey commissioned by Pitney-Bowes. When the respondents were asked if legislation—presumably calling for stronger defenses and punishments—would be effective in preventing bribery of foreign officials by U.S. nationals, 92 percent said it would not. They thought such bribery would continue despite such legislation, and they thought that publicity would be much more effective in discouraging bribery. What they had in mind, I think, is a need for publicizing unethical behavior to a degree such that bribery will become immoral.

But more than publicity is needed. Without increasing their costs very much, corporations could draw up codes of ethics and assign accountants to report violations to the board and, in the case of suspected crimes, to the police. Doing so would necessarily require board members and managers to think seriously about the morality of their conduct. Further, the very act of inaugurating such a program would announce that a board concerned about profits also is seriously concerned about the public interest, the common good, the general welfare. Other boards, questioned about why they have not published their ethical codes, would soon do so. For example, suppose one company stated explicitly that bribing foreign politicians or marketing dangerous products or advertising falsely is against company policy, and then explicitly assigned to some accountants the job of trying to police it, while another company did not take these two steps. Surely government officials, interested consumers, and the stockholders of the two companies would be able to make logical deductions about the ethics of management, even if the first company's accountants were not capable of detecting all instances of code violations. Over the years, a corporation board that published and enforced a code of ethics might even come to believe in it.

Professor CRESSER. I am glad you invited me back because, among other things, my testimony in June didn't show enough indignation.

I am quite indignant about white-collar crime, and my prepared statement this time expresses a little of that indignation.

I am looking for solutions to our white-collar crime problem that involve something other than mere deterrence and defense. It is easy to recommend that we prosecute and punish white-collar criminals more severely, thus deterring potential offenders, and to let the matter go at that. Similarly, it is easy to take an attitude of defense. We do that with reference to street crime. We lock up ourselves and our valuables and then think we have a solution to the crime problem. What we need is a program which gets at the roots of the evil so deterrence and defense are not necessary, or at least not so critical.

Rooting out white-collar crime will not be an easy task. When President Carter introduced his energy program, he asked for the "moral equivalent of war." He hasn't received it. It is time to try again. We need the moral equivalent of war in the white-collar crime area.

We are beginning to recognize that white-collar crime is a social problem whose character is similar to that of the problem posed by the 1960's militants. That is, some businessmen refuse to attribute legitimacy to government, just as some of the more militant militants did in the 1960's. As I said in my testimony in June, crime rates are always high when people do not believe in the law, and there is good evidence, going back 25 years, that businessmen violate regulatory criminal laws because they don't believe in them.

We eventually responded quite well to the militancy of the 1960's. The Vietnam war stopped. The draft stopped. The Government became more open. Affirmative action programs were introduced. We did something constructive. Wise leaders demonstrated that the cure for the ills of democracy is more democracy.

White-collar crime is another ill of democracy. Can we cure this ill by instituting more democracy? Is it possible to get white-collar people to revere the SEC, the FTC, the IRS, the FDA, the EPA, the OSHA, the Antitrust Division of the Department of Justice, and many other agencies housing white-collar police officers? I think it is possible. It isn't going to be easy, but that must be our long-range goal.

At the end of my prepared statement I suggest a three-pronged program for starting this long-range effort. I haven't disillusioned myself into believing that this program could achieve its goal in our time. The reason is this: It asks for a change in morality, for restoration of a sense of community in the United States.

The proposal first asks that businessmen be inspired to respect our Government and its laws. This means, of course, that higher ethical standards are needed in Government. Congress Members and other Government officials must set an example for the rest of the United States and for business people in particular.

A public opinion poll taken about 6 months ago found 9 out of 10 Americans asking Congress to do something about corruption in Government.

Second, I advocate that consumers and other victims of white-collar crime organize themselves into pressure groups. It is a fact that our politics are now the politics of special interests. At a minimum, an organization of consumer power demanding law and order in the corporate world would get an audience with political candidates.

My third and last point asks business leaders to develop and publish ethical codes, and then stick to them. There are straws in the wind. When I was here before I mentioned some corporations which have already introduced such programs. They have drawn up specific statements regarding what is ethical conduct for any member of the corporation, and they are demanding that all the members of the corporation adhere to this code. More publicity is needed for programs of this kind. We need to give gold medals to the participating corporations and their executives. As I say at the end of my statement, it is quite possible that, over the years, a corporation board that published and enforced an ethical code, might come to believe in it.

Mr. CONYERS. Thank you very much.

We have a number of questions that we will direct to you, but in our more informal setting, we will bring on Professor Norris, professor of law at the Detroit College of Law. Professor Norris teaches constitutional law, has been a private practitioner, and has authored case books on criminal law and jurisprudence and produced other extensive legal writings. Without hoping this to be held against him, he is also a poet. We might as well make full disclosure here. We welcome him as one who, out of his public background, has served at the State level as a constitutional delegate in reforming the Constitution of the State of Michigan, and has served on a number of bar association panels that are related to our general subject matter.

We are very pleased that Professor Norris could join the subcommittee hearings today, and we welcome you before the subcommittee.

TESTIMONY OF HAROLD NORRIS, PROFESSOR OF LAW, DETROIT COLLEGE OF LAW, DETROIT, MICH.

Professor NORRIS. Thank you, Mr. Chairman.

I am delighted to be here. I only want to make a few modest observations. I think the terrain is broad and variegated, and it is easy indeed to get lost in it, and perhaps by tendering a few modest views, I might be of service to this committee.

I want to commend the House Judiciary Committee, and particularly this subcommittee, for dealing with this question. I think it has been too long delayed, and because of what I perceive to be the impact of this problem upon the American polity, it is a problem that deserves very serious, circumspect and urgent consideration.

One observation I would like to begin with is the very size of the problem. The problem has been shaped and formulated by some authoritative studies, though I must hasten to add, Mr. Chairman, that there is great need for more precise and authoritative study in this field. And I am delighted to note that the President of the United States, in reformulating the way in which LEAA is to operate, has indicated a very sizable quantity of work contemplated to be in the field of research and statistics. And it would appear to me that there is a natural affinity between the subject matter under purview by this committee and the new method of dealing with LEAA as directed by the President of the United States in his authority over the executive branch of Government.

I would think that perhaps one thing that could be done by this committee is to organize some kinds of subject matter that might be

END