

SPEECH BY ATTORNEY GENERAL ROBERT MORGAN  
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It is indeed a pleasure to join you today in the celebration of your 50th Anniversary. Reaching this milestone is clear indication of the strength of your association. And you know, on an occasion like this, when people are meeting because of their professional association, I think it is particularly difficult for a speaker to choose appropriate remarks.

But today my task has been made easy by the very nature of your chosen professions. As professional men, all of us have a special appreciation for the free enterprise system which has made our country prosper. Individually, each of us is in a sense a small, self-contained company.

Our specialized training and talents are our resources, and the skills we have developed are the products which we offer to our clients. As engineers and land surveyors, you are the builders of our nation, especially vital to our future. Your growth as professionals and the growth of our country are closely entwined, and both depend on the continued good health of the free enterprise system.

Today the demands on our system are much harsher than in simpler times when goods were scarce and needs were basic. Since our nation first began, dramatic change has taken place in our economy. In our vast, industrial society, business relationships are becoming ever more impersonal and indirect. The end result has been the inevitable alteration of the free enterprise system, but we have continued to prosper all the same. We have done so because, in the words of President Kennedy, "Modern American capitalism, with its unique combination of public effort and private competitive enterprise, is dynamic, progressive, and still evolving."

Never before has the American way of life come under harsher scrutiny, and only a truly dynamic system will be able to withstand the attacks of those in this nation who would destroy it. There are those who attack the system from outside, professing to be the prophets of a new age and chastising our American system of profit and individual incentive. You are familiar with their cries: "Money breeds wickedness," "Business is corrupt," "Profits are the most evil form of gain."

With their patriarch Karl Marx, they would agree that profits provide only for the exploitation of the common people by wicked businessmen, stealing the bread from the working man's mouth and giving the business tycoon more filthy lucre to burn.

But the facts and realities of history and twentieth century America more than disprove these theories. Just look at the thousands of North Carolina small businessmen who, starting with less than modest means, picked themselves up by their bootstraps and who, through hard work and competitive incentive, established themselves as outstanding members of their economy and their society.

President Kennedy spoke on this theme before the United States Chamber of Commerce eight years ago when he said:

"We want prosperity, and in a free enterprise system there can be no prosperity without profit. We want a growing economy, and there can be no growth without the investment that is inspired and financed by profit."

We in America have experienced this prosperity, there is no doubt, and our great success should surely silence these attacks. But, ironically, this same success which would so clearly disprove the arguments of those who attack our system from without has created internal ills which themselves are threatening the free enterprise system. Of course, I am talking about the greedy few who, in the name of free enterprise, would abuse their economic freedoms and prey on their unsuspecting fellowmen. As Attorney General, I see these abuses everyday, and am well aware of the extreme danger which they pose to the economic well-being of our country.

But there is nothing wrong with the system of free enterprise itself. No other system has brought such great prosperity or proven to be so adaptable to economic change. The problem lies with the failure to live up to the demands of the system and the failure to strengthen it as we have progressed.

The success of the free enterprise system depends on the maintenance of a balance between the rights of the buyer on the one hand and the rights of the seller on the other. During the early periods of prosperity in this country, this balance was lost, and

it was not until Teddy Roosevelt said "no man may poison the public for his private profit" that people first began to question the principle that anything a merchant could get away with was acceptable.

Of course, this doctrine erodes our traditional concept of justice, and after being victimized by merchants and manufacturers for years, Americans finally set out to restore the balance. The result has been the so-called "consumer revolution," termed by Betty Furness a "revolution toward reason and common sense and justice."

It has been a slow process, and the victories <sup>been</sup> have not/easily won, but each one has proven the adaptability of the free enterprise system and has silenced, for a while, the ominous predictions of those who warn against such so-called "tampering."

It is understandable that there are those who would resist the revolution, and to be sure, certain fears of government action are quite justified. Wanton disregard of the realities of American business could seriously disrupt the nation's economy, and extreme measures such as nationalization or centralization could very well end in disaster.

But such an attack has never been mounted or even intended. The goal of the consumer revolution has not been the take-over of the free enterprise system. Rather, it has been to restore the natural balance which healthy functioning of the system requires, and thus to ensure fair dealing in the marketplace where no one side will have unfair advantage.

I think that for the most part, too, those who have called for change have proceeded judiciously and have not asked undue measure of the business community. And certainly, government has not over-reacted. Even in this year's General Assembly, consumer legislation has been passed only after careful scrutiny, and even then, over vigorous dissent.

We in North Carolina should be proud of the part we have played in restoring the balance in the marketplace. I admit that in the heat of legislative battle I have been among those who have pointed out additional areas of concern, but for the most part I can also see that the steps we have taken are in the right direction.

Two years ago, the legislature made its first real contributions to the marketplace. It gave the Office of the Attorney General the statutory obligation to intervene on behalf of the consuming public before regulatory agencies. Time and again we have done so — and with success. The same legislature outlawed unfair and deceptive trade practices and gave our office civil authority to enjoin them. We do so, and in two years have handled more than three thousand consumer complaints.

But although we have come a long way, our victories have in a sense been hollow ones. We have learned to soothe the aches and pains of a system of free enterprise ravaged by the disease of "too much, too fast;" but all the while we have not found a cure.

When we came into office two and one half years ago, we thought we knew the cure. Our experience since that time has shown us that we did, but we have learned that it will not be easily obtained.

The difficulty lies in the misunderstanding of many in the business community of just what the consumer movement is all about. Perhaps the problem could be traced back many, many years — but somewhere along the way, ineradicable battle lines were drawn, leading to struggle rather than cooperation.

There has also been a notion that consumerism is temporary, that it plays only on emotions. Some would call it "consumeritis" diagnosed by a nationally known advertising executive as "...a contagious inflammation of the consumer-interest portion of the brain often resulting from political ambition or desire to derive favor from groups of consumers through personal publicity. Symptoms include a strong tendency to invent issues where no real issues exist. If not treated, severe cases may lead to demagoguery."

Of course, this speaker was having some fun, but at the same time his attitude was clear, and it is an attitude which I have found a great many persons in the business community share. And until this attitude can be changed and the battle lines erased, there will be only hollow victories.

Only when we realize that we are not so much fighting for the consumer as we are the free enterprise system itself will we really have begun to progress. And only then will we begin to cure the disease, rather than treat the symptoms.

I said that we thought we saw this cure when we came into office, and we did. We established in our office a "Consumer" Protection Division. I have often said, however, that perhaps it should be called the Division of Business and Consumer Protection. For indeed, that is just what it is.

A healthy free enterprise system should be the goal of business and consumer alike, and when we assumed office we saw that the system was not healthy. Unfortunately, the illness seemed to lie in the business sector, and our treatment has been directed that way. But a cure does not come without some pain. It is the price for getting a clean bill of health — health that will be transformed into far greater economic prosperity in the long run than than reaped by exploitation in the past.

And the cure is coming. This year the signs are clearer than ever before that the business sector is beginning to see the consumer in his true light — not as an opponent, but rather as a partner in the free enterprise system.

The business community is at the same time beginning to realize that the attack is not on the great majority, those who through their honest efforts are providing for the needs of the public. Rather, it is directed towards the few who would abuse their freedoms and defraud the consuming public, and thus bring disrepute to all.

The legislative activity surrounding the recently passed "Buyer Protection Act," is a good example of this change in attitude on the part of the business sector. When it was first introduced, the bill brought quite predictable howls from all over, and immediately the committee faced a barrage of lobbyists who called for its quick defeat.

But the committee was not hasty, and as time went along more and more people began to see that beneath all the thunder and smoke there were some not-so-hard-to-take improvements which the free enterprise system badly needed. Many came to realize what others had been saying all along, that the only real hardships to be borne would fall solely on those who were guilty of abuse. And thus the tide turned, and in the end, the bill was carried through — with the strong support of some of our State's most prominent businessmen.

These men saw the need for morality in the marketplace — the same morality on which our free enterprise system is based. Of course, no legislation can replace moral behavior, but at the same time, it can certainly encourage it. And it can stem the tide of abuse until the seller thinks beyond the profit motive to the social cost of his actions.

We have yet to see just how far the consumer movement will go or whether the elusive balance between buyer and seller can be restored. But we can be sure that society will evolve, and our economy along with it. And in the course of this evolution, I think we are going to hear more from the invisible sectors of our nation which have for so long been ignored. And hopefully, the end result will be the more responsible exercise of the traditional freedoms that American industry enjoys. As Betty Furness put it in a speech to the American Bar Association:

"I hope the past has taught us much and that a new era of consumer relations will be achieved without hammering out such a code over the piled up bodies of the defenders of the status quo."

I think that that day is coming, and I believe we will see fit to alter our system if necessary — not at the risk of destruction, but rather for the sake of improvement. Our system of government and free enterprise are our most valuable possessions. They put within our reach the greatest opportunities ever offered to men anywhere in the world. They demand our constant strengthening, and they will not long stand our abuse.

Today, I leave you with a challenge — which I think you will readily accept — to use your influence to strengthen the system of free enterprise and your courage to live up to it. Build upon our heritage as you do upon the Earth.