

Annual
Report
of the

**FEDERAL
TRADE
COMMISSION**

For the Fiscal Year Ended

June 30, 1953

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price 35 cents (paper cover)

Federal Trade Commission

EDWARD F. HOWREY, Chairman
LOWELL B. MASON
JAMES M. MEAD
ALBERT A. CARRETTA
JOHN W. GWYNNE ¹

ROBERT M. PARRISH, Secretary
ALEX. AKERMAN, Jr., Executive Director
DAVID C. MURCHISON, Legal Adviser
and Assistant to the Chairman

EXECUTIVE OFFICES OF THE COMMISSION
Pennsylvania Avenue at Sixth Street, Washington 25, D. C.

Branch Offices

Room 2904, U. S. Courthouse, Foley Square, New York 7. Room 413, Masonic Temple Building, 333 St. Charles St., New Orleans
Room 1500, 173 West Madison St., Chicago 2. 12.
Room 811, U. S. Courthouse, Seattle 4.
133 Federal Office Building,
Civic Center, San Francisco 2.

¹ Took office September 26, 1953.

II

Letter of Transmittal

FEDERAL TRADE COMMISSION
Washington, D. C.

To the Congress of the United States:

I have the honor to transmit herewith the Thirty-ninth Annual Report of the Federal Trade Commission, for the fiscal year ended June 30, 1953.

By direction of the Commission.

EDWARD F. HOWREY, Chairman

THE PRESIDENT OF THE SENATE.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

CONTENTS

Chapter	Page
1. Safeguarding the Competitive Principle -----	1
Introduction -----	1
Statutory Functions -----	1
Commission Membership -----	5
Staff Organization -----	5
Future Steps -----	7
Summary of Activities During Fiscal Year 1953 -----	8
2. Antimonopoly Work -----	11
Orders, Complaints, and Investigations -----	11
Export Trade Associations -----	18
3. Antideceptive Practices Case Work -----	19
Formal Enforcement Cases (Orders and Complaints) -----	19
Investigations -----	22
Wool and Fur Products Labeling Services -----	23
Scientific Opinions -----	24
4. Compliance Activities -----	25
5. Court Proceedings -----	28
Antimonopoly Cases in Federal Courts -----	28
Antideceptive Practice Cases in Federal Courts -----	31
6. Industry Cooperation -----	37
Voluntary Adherence to Law -----	37
Trade Practice Conferences -----	37
Stipulations -----	41

7. Financial and Economic Reports	43
Control of Iron Ore	43
Financial Reports	44
8. Special Statutory Assignments	47
Defense Production Act	47
Small Business Act	48
Trade-Marks	48
Insurance	48
9. Appropriations and Financial Obligations	50
Funds available for Fiscal Year	50
Obligations by Activities, Fiscal Year 1953	50
Obligations by Objects, Fiscal Year 1953	50
Settlements Made Under Federal Tort Claims Act	51
Appropriations and Obligations	51

Appendices	Page
Roster of Commissioners, 1915 to date -----	53
Statutes Pertaining to the Commission -----	55
List of Statutes with Citations -----	55
Federal Trade Commission Act (in full text) -----	55
Clayton Act (in full text) -----	67
including:	
Robinson-Patman Act amendments of section 2 -----	67
Anti-Merger Act amendments of section 7 -----	69
Flammable Fabrics Act (in full text) -----	76
Types of Unfair Methods -----	9

SAFEGUARDING THE COMPETITIVE PRINCIPLE

INTRODUCTION

Congress established the Federal Trade Commission to protect business and the public against the inroads of unfair methods of competition in commerce, and to stop conditions which would lessen competition or tend to create monopoly. It is also to guard the consumer against unfair or deceptive trade practices.

In short the Commission was created to help protect the competitive principle as basic to our free enterprise economy.

STATUTORY FUNCTIONS

Duties and responsibilities of the Commission, all in the fields of antitrust policy and trade regulation, arise mainly from the following briefly described acts of Congress.

Federal Trade Commission Act.—The original statute, approved September 26, 1914, authorized establishment of the Commission as a board of five Commissioners and defined its powers and duties. Congress therein provided that "unfair methods of competition in commerce are hereby declared unlawful." Amending legislation ¹ added the words "and unfair or deceptive acts or practices in commerce" to the proscription. By definition the word "commerce" is generally confined to interstate commerce.

Such initial statute as amended is known as the Federal Trade Commission Act. As a principal function, the Federal Trade Commission is thereby authorized and directed to act in prevention of the proscribed unfair methods, acts, and practices in interstate commerce, and to enter complaint proceedings against alleged offenders when such appears to it to be in the public interest. Upon hearing of such cases the Commission may determine the question of illegality of the practices involved, and may issue orders to cease and desist from the ~~vint~~^{the} ~~method~~^{thereby}

upon certiorari. For the performance of its duties to carry out the Act, powers of investigation, also the right to make rules and regulations, are conferred upon the Commission.

As, a further major responsibility this organic law also confers upon the Commission authority (a) to investigate from time to time the organization, business, conduct, practices and management of corporations engaged in commerce, with certain exceptions, such as, banks and common carriers; (b) upon application of the Attorney General, or on its own initiative, to investigate the manner in which antitrust decrees are being carried out; (c) upon direction of the President or Congress to investigate and report upon any alleged antitrust law violations by corporations, and upon application of the Attorney General to investigate and make recommendation for the readjustment of corporate business alleged to be functioning in violation of the antitrust acts; (d) to investigate trade conditions in and with foreign countries where associations, combinations or practices of manufacturers, merchants or traders, or other conditions may affect the foreign trade of the United States and to make reports and recommendations thereon to Congress. The Commission is also authorized by the statute to act as master in chancery upon reference by the Court, and to report appropriate form of antitrust decree.

The Clayton Act, likewise enacted in 1914, confers duties and responsibilities upon the Commission in respect to specific types of practices which are inimical to the preservation and protection of competition. Sections 2, 3, 7, and 8 are made subject to enforcement jurisdiction of the Commission. The procedure for applying corrective adjudications is specified in section 11.

Section 2 of the Clayton Act has been in operation since 1936 in the form in which it was revised and extended by the Robinson Patman Act.² The section deals with the prevention of price discrimination and related discriminatory methods in the distribution of goods in interstate commerce. Subject to specified justification and defenses, it is made illegal to discriminate in price between different purchasers of commodities of like grade and quality, sold for use, consumption or resale within the United States, where the effect of the discrimination "may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination or with customers of either of them."

Exception is specified permitting differentials which make only due allowance for difference in cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which the commodities are sold or delivered. Selection of customers in bona fide

² Approved June 19, 1936 (49 Stat. 1526).

transactions and not in restraint of trade is not to be prevented. Certain exceptions are also provided, as specified in the statute, where special situations apply, such as: sales necessitated by market changes; disposition on account of deterioration of perishable goods; obsolescence of seasonal goods; distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned A defense to a charge of discrimination is also provided in regard to sales "made in good faith to meet an equally low price of a competitor or the services or facilities furnished by a competitor."

The duty of applying the so-called quantity limit rule is likewise conferred upon the Commission by amended section 2 of the Clayton Act under which, after due investigation, and hearing of all interested parties, the Commission is empowered to fix and establish

36 r te9.0.0A4koff40.YJTI246268TD TD0000eour8.75.045TDxandEstabish on is emp.01()b0 TD 05ur

in the statute including cases in which the stock is purchased solely for investment and not used by voting or otherwise to bring about or attempt to bring about the substantial lessening of competition.

Section 8 of the Clayton Act deals with the prevention of interlocking directorates of certain competing corporations any one of which has capital, surplus, or undivided profits aggregating more than \$1,000,000, as provided in the section. It represents the last of the several enforcement responsibilities resting upon this Commission under that act.

The Webb-Pomerene Export Trade Act, approved April 10, 1918, is another statute conferring administrative and enforcement duties upon the Commission. This act permits competing companies to combine in a common association for the purpose of marketing their products in export trade. Such organizations of competitors, made permissible under the antitrust laws, are required to file with the Commission copies of their articles of association, bylaws and related data. The statute extends to export business the provisions of the Federal Trade Commission Act against unfair methods of competition. It likewise provides that such permissible export trade associations of competitors must operate solely for export trade and must not enter into any agreement, understanding or conspiracy or do any act "which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported," nor do any act "which substantially lessens competition within the United States or otherwise restrains trade therein." It is a duty of the Commission to maintain a check against these unlawful eventualities in the operation of such export trade associations.

Further Commission functions derive from certain special legislation in which Congress designated the Commission as the administrative and enforcement agency. These statutes are the Wool Products Labeling Act of 1939, the Fur Products Labeling Act, approved August 8, 1951, and the new Flammable Fabrics Act, approved June 30, 1953 (effective July 1, 1954). The first two statutes are designed to prevent unfair methods of competition and unfair or deceptive acts or practices by requiring informative labeling to reveal the true composition of products which contain or purport to contain wool, and to disclose the truth as to the kind and character of fur and fur products offered for sale. Failure properly to label and make the disclosure of required information is declared by Congress to constitute a violation of the Federal Trade Commission Act. The Flammable Fabrics Act, which will not become effective until July 1, 1954, is designed to protect the public against the hazards of certain dangerously flammable fabrics and wearing apparel.

Under the Lanham Trade-Mark Act approved July 5, 1946, the Commission has the duty to bring about, through action before the

STAFF ORGANIZATION, JUNE 30, 1953

TOTAL PERSONNEL—642

Office of the Secretary and Executive

to promote greater compliance with

terially affected by two decisions of the Commissioner of Patents to the effect that cancellation authority is restricted to registrations created under the 1946 act.

In Respect to Insurance

In the fiscal year 1953 the Commission completed, with the cooperation of state officials, a survey of State insurance regulatory laws enacted between 1951 and 1952. This survey augments an original and supplemental study completed in 1951. Its purpose is to ascertain what laws affect the application of the Federal Trade Commission Act and the Clayton Act to insurance since under Public Law 15, Seventy-ninth Congress, these statutes apply to the business of insurance to the extent such business is not regulated by state law.

Various Additional Phases of the Commission's Activities

These are summarized in the following chapters of the report under appropriate headings including appellate court matters; cease and desist order compliance functions; work under the Export Trade, Defense Production and Small Business Acts, and other Commission activities.

ANTIMONOPOLY WORK

This branch of the Commission's activities is concerned with the investigation and the administrative trial and hearing within the Commission of cases involving restraints of trade and related monopolistic practices. It is directed under the law to the objective of keeping the channels of interstate trade free from oppressive arrangements and monopolistic practices, and permitting buyers to have the widest possible freedom of choice, with prices determined by the interplay of competitive forces and offered without monopolistic control or discrimination.

During the fiscal year orders to cease and desist were issued in 24 cases; complaints were issued in 29 cases; cases dismissed or closed numbered 16; and cases in which investigations were made and completed totaled 373.

ORDERS AGAINST MONOPOLISTIC PRACTICES

These are cease and desist orders issued by the Commission during the fiscal year in specific cases, of which the following are illustrative:

Docket 5979, American Surgical Trade Association and others. Order issued October 22, 1952

In this case two trade associations were alleged to be the instruments of a combination designed to monopolize the distribution and sale of surgical supplies, instruments, and equipment. The American Surgical Trade Association has approximately 400 member manufacturers, distributors, and dealers who account for about 90 percent of the industry's annual volume of more than \$100,000,000. Manufacturers Surgical Trade Association has a membership consisting of about

The order issued by the commission in effect prohibits the two trade associations and their members from engaging in any combination or

Docket 5640., Florida Citrus Cannery Cooperative and others. Order issued July 14, 1952
In

Shell to abandon a marketing

Docket 6040, Eastman Kodak Company. Complaint issued September 8, 1952.

Eastman Kodak Company, described as the leading concern in the photographic products industry in the United States, is charged with

ber, drugs, furniture, coal, clothing, chemicals, and rubber tires. During the fiscal year, 118 such matters were investigated.

Investigations of exclusive-dealing and tie-in contracts under Section 3 of the Clayton act related to such products as petroleum, propane gas, ice cream and other dairy products, ice cream cooling equipment, hearing aids, fuel oil, and automobile parts. During the fiscal year, 15 such matters were investigated.

Investigations under section 2 of the Clayton Act, as amended by the Robinson-Patman Act, covered (1) price discrimination, (2) Unlawful payment or receipt of brokerage, (3) discrimination in the payment of allowances for advertising and promotional service, and in the furnishing of services and facilities, and (4) the unlawful inducement or receipt of discriminatory prices. Among the products involved were automotive supplies and accessories, bakery products, optical supplies, petroleum products, refrigeration equipment, drugs, dairy products, copper tubing, and propane gas. During the year, 132 such investigations were completed.

The staff was engaged also in investigations under section 7 of the Clayton Act, as amended in December 1950, which provides with certain qualifications that no corporation shall acquire the capital stock or assets of another corporation where the effect may be to substantially lessen competition or to tend to create a monopoly.

Acquisitions and mergers in the industrial and commercial fields, according to listings made in the Commission, continued at a rate of more than 720 a year, and covered a wide range of industries and products. Acquisition and merger matters entered for preliminary investigations during the year totaled 303, on top of 294 such matters pending at the beginning of the year. Preliminary investigation was completed with respect to 100 during the year, leaving 497 pending at the close of the year.

Industries involved included aircraft parts, cameras, carpets, rugs, and floor coverings, chemicals, coal-mining machinery, cosmetics and pharmaceuticals, dental supplies, department stores, feed and grain, frosted foods, frozen turkeys, glass fibers, lumber, plywood, and veneer, machine tools, marble and stone products, meters, metals, milk and dairy products, motors and motor parts, oil burners, paints and enamels, paper and paper products, petroleum and petroleum products, precision instruments, pumps and pumping machinery, ranges, and furnaces, radios and electronic products, rolling mill products, rubber heels and other rubber products shoes, steel and steel products, sugar, textiles, knitwear and woolens, tanning watches, and wholesale grocers.

Five acquisition cases were docketed for field investigation during the year. These involved sulphite pulp, paper, and paper products, farm implements and machinery, flour and feed, metallic pigments

and powders, adhesives, and industrial medal finishes. Four of these cases were in the course of field investigation at the close of the year. The fifth was filed without further action upon completion of the field investigation.

Antimonopoly investigations were completed during the year in four insurance cases; three trade-mark cases; and one case involving interlocking directorates.

In both the investigation and trial of antimonopoly cases, which is a responsibility of the Commission's Bureau of Antimonopoly, the assistance of economists and accountants is provided from the Bureau of Industrial Economics. Such assistance includes the preparation of cost and price studies for use in cases arising under both the Clayton Act and the Federal Trade Commission Act, and of notification concerning proposed or consummated acquisitions, mergers and Consolidations, together with economic evaluation of data relating thereto.

The coordination of these activities between the Bureau of Industrial Economics and the Bureau of Antimonopoly facilitates the investigation and trial of Antimonopoly cases.

EXPORT TRADE ASSOCIATIONS

The Export Trade Act gives limited exemption from the antitrust laws to "associations" engaged solely in export trade. Such groups must file copies of their organization papers, annual reports, etc., with the Commission. If the Commission believes there is law violation, it may conduct an inquiry leading to Commission "recommendations" for readjustment of the association's business. Upon failure to comply with such recommendations the Commission is authorized to report the matter to the Attorney General for such action thereon as he may deem proper.

Activities.—At the end of the fiscal year 40 associations were operating under the act, including 457 member companies throughout the United States.

The following figures show a comparison of exports reported by the associations in 1951 and 1952:

	1951	1952
Metals and metal products -----	\$49,529,368	
Products of mines and wells -----		
Lumber and wood products -----		
Food stuffs -----		
Miscellaneous (including paper, rubber, textiles, motion pictures, pencils, scientific instruments, cerium, and typewriters) -----		

Chapter Three

The following cases in which orders to cease and desist were issued are of particular interest or significance:

Bethany College and Divinity School—Prohibited from use of the designation "College" and the issuance of degrees of doctor of divinity by a school which had no plant, faculty, financial resources, or resident students;

Lynch's Diathermy Company.—Prohibited from claims that its machine is a device for applying high frequency electrical currents to produce heat in body tissues in treating diseases such as arthritis, rheumatism, and neuritis, and required to disclose that the device is not safe for home use without previous medical diagnosis and adequate instruction for application;

Miracle Hearing Aid, Inc.—Ordered to discontinue representations that medical doctors have approved ^{that} ^{the} manufacturer's product; also to remove the words "hearing aid" as part of the trade name; ^{and to}

matter useful to plants or soil or exert any beneficial effect on crop production.

Complaints Charging Deceptive Practices

The seventy-two complaints issued covered many industries. Practices charged were of the following type:

Misleading and improper labeling was charged in 15 cases involving wearing apparel makers and other

of deceptive practices on an industry-wide basis when necessary in the public interest.

Possible violations first undergo preliminary inquiry to determine if further action is warranted. This procedure often serves to obtain prompt voluntary cessation of unlawful practices at minimum expense to the Government.

After investigation, a report is prepared for the Commission recommending proper disposition.

Charges investigated during fiscal 1953 included:

1. False and misleading advertising.
2. Misbranding.
3. Failure to disclose foreign origin.
4. Fictitious price marking.
5. Offering secondhand goods as new.
6. Simulation of competitor's trade name or product.
7. Lottery methods of sale.
8. Disparagement of competing products.
9. Failure to disclose dangers through use.

Products involved were food, drugs, therapeutic devices, oleomargarine; also, clothing, home appliances, building materials, automotive products and accessories, insecticides, sewing machines, furniture, floor coverings, correspondence courses, books, and jewelry.

Letters and affidavits of discontinuance permit disposition of many deceptive practice investigations. Voluntary abandonment of the questioned practices after investigation but before complaint sometimes indicates absence of public interest. Thus, to save needless expense to the Government and industry, investigations may be ended where satisfactory assurance is received by letter or affidavit that the practice has been discontinued without intent to resume and where it appears that such action will adequately protect the public interest. During the year, 362 deceptive practice matters were disposed of in this manner.

Particular activities thus corrected included "health" and "corrective" claims for children's shoes; representations that hearing aids could be worn without being visible; unwarranted savings claims in the sale of home freezers and food freezer plans; misuse of the term "wool" in describing imported hooked rugs; and deceptive advertising of automobile tire prices.

WOOL AND FUR PRODUCTS LABELING ADMINISTRATION

	Wool Act	Fur Act
Number of fur advertisements examined for advertising deficiencies -----		9,373
Opinions and interpretations rendered under each act and regulations -----	1,524	2,741
Informal adjustments in which compliance was effected administratively -----	6,730	4,666
Registered identification numbers issued -----	561	2,605
Continuing guaranties file -----	1,476	939

The Wool Products Labeling Act and the Fur Products Labeling Act provide Commission statutory responsibility in such cases.

Since these "truth in fabric" and "truth in fur" laws are similar in purpose and requirements, the Commission has integrated its enforcement duties to minimize cost of administration.

The Fur Products Labeling Act became effective August 9, 1952. The Commission printed pamphlets containing the Rules and Regulations under the Fur Act and a copy of the statute. These are available upon request, together with Bulletins X, Y, and Z containing Commission suggestions for proper labeling, invoicing, and advertising under the Fur Act.

SCIENTIFIC OPINIONS

During fiscal 1953 the Division of Medical and Chemical Opinions prepared 297 written opinions on medical and scientific matters; rendered 698 oral opinions on advertising of food, drugs, devices, cosmetics, etc., and 414 oral opinions in cases where formal complaints were issued. Division personnel also attended 31 informal conferences and 51 formal hearings.

The Division Chief maintained dose liaison with Food and Drug Administration and the Department of Agriculture.

COMPLIANCE ACTIVITIES

Within the Office of the General Counsel, the Division of Compliance supervises and directs compliance with the Commission's orders to cease and desist and, in the event voluntary compliance therewith cannot be obtained, prepares complaints and assists in the trial of civil penalty suits in the various United States District Courts involving Federal Trade Commission Act orders. It also may assist, as directed, in proceedings for contempt in violation of court decrees of enforcement of Dayton Act orders.

Since the Division was established in 1947, civil penalty judgments amounting to approximately \$214,000 have been obtained. The principal objective of the Commission, however, is not so much the imposition of penalties for violations, as to obtain respect for, and obedience to, its orders. Under this phase of its operations assistance will always be extended to a willing and cooperative respondent with advice as to how he can fully comply without the necessity of further litigation.

Each order to cease and desist requires filing a report of compliance. Careful consideration of data obtained through such reports is followed, wherever necessary, by investigation to see if the respondent's practices have in fact been revised to comply with the order.

During the fiscal year 1953 attention w TD 0. () Tj 2.516he

was also done in obtaining compliance with orders issued under sections 6 of the Federal Trade Commission Act requiring financial reports.

Antideceptive Compliance Cases

During the year there were processed 231 reports of compliance with 96 orders. Also 172 complaints of violations were reviewed

Civil penalty suits concluded during the year were:

1. U. S. v. Midwest Studios, Inc. (D. Oreg.). Judgment of \$14,000 for violation of a Commission order prohibiting false representations used in selling enlargements of photographs.

2. U. S. v Domestic Diathermy Co. (S.D.N.Y.). Judgment for \$20,038.20. Defendants had violated a Commission order prohibiting false representations of diathermic devices.

3. U.S. v. Gerald A. Rice, and others (W.D. Wash.). Penalty judgment for \$25,500. Defendants violated an order to stop false representations of correspondence courses for Civil Service examinations.

Besides the three civil penalty suits instituted this year, supra, the following were pending in various United States District Courts as of June 30, 1953:

1. U. S. v. Standard Education Society and others (N.D. Ill.). Violation of an order prohibiting false representations of encyclopedias.

2. U. S. v. Lady Carole Coats, Inc. and others (S.D.N.Y.). Suit for failure to keep records under the Wool Products Labeling Act.

3. U. S. v. Shelbrooke Coats, and others (S.D.N.Y.).v The same.

4. U.S. v. United Diathermy, Inc. (S.D.N.Y.). Violation of an order to stop false representations of diathermic devices.

5. U. S. v. Purofied Down Products Corp., and others (S.D.N.Y.) . Violation of an order requiring labeling disclosure of used or secondhand feathers.

6. U. S. v. National Titanium, Co. (S. D. Calif.). Violation of an order requiring proper labeling of paint containing used materials.

288611—54 —3

COURT PROCEEDINGS

ANTIMONOPOLY CASES IN FEDERAL COURTS

During the fiscal year six antimonopoly proceeding by the Commission were reviewed by Federal courts. Ten such cases were pending in the courts at the end of the fiscal year.

Three of these decisions were by the Supreme Court. Of these, one affirmed the order of the Commission, one reversed a circuit court decision affirming a Commission order, and one dismissed the petition without a decision upon the merits, the Court holding that the petition for writ of certiorari was untimely.

Of the three decisions by United States courts of appeals, two affirmed orders of the Commission, and one dismissed the proceeding pursuant to stipulation of counsel.

Decisions

Automotive Canteen Company of America, Chicago, Ill. The United States Court of Appeals for the Seventh Circuit (Chicago) affirmed an order of the Commission prohibiting knowingly inducing price discriminations in the purchase of confectionery products and the use of exclusive-dealing contracts in the leasing of vending machines and the purchase of products vended in such machines. The price discrimination phase of the case was reviewed and reversed by the Supreme Court, with directions for remand to the Commission.

Minneapolis-Honeywell Regulator Company, Minneapolis, Minn. Following a decision of the United States Court of Appeals for the Seventh Circuit (Chicago) which set aside Part III (prohibiting price discriminations in the sale of automatic temperature controls) of the Commission's order to cease and desist, review of this action by the Supreme Court was sought. Certiorari was granted, but with direction for briefing and arguing the timeliness of the petition for certiorari. The Supreme Court dismissed the petition for certiorari without decision on the merits, holding that the petition was filed out of time.

Motion Picture Advertising Service Company, Inc., New Orleans, La. The Commission obtained review by the Supreme Court of a decision of the United States Court of Appeals for the Fifth Circuit (New Orleans) setting aside an order of the Commission

prohibiting price discrimination in violation of section 2 (a) of the Clayton Act, as amended, and restraint of trade in violation of section 5 of the Federal Trade Commission Act in the sale of chain products.

Gamble-Skogmo, Inc., Minneapolis, Minn. Pending in the United States Court of Appeals for the Eighth Circuit (St. Louis) on petition to review and set aside the Commission's order to cease and desist from the use of exclusive-dealing contracts in violation of section 3 of the Clayton Act and unfair methods of competition in violation of the Federal Trade Commission Act in the sale of general merchandise.

Independent Grocers Alliance Distributing Company, et al., Chicago, Ill., supra. Pending expiration of period within which petition for certiorari may be filed.²

The Commission issued an order against National Lead Company, Eagle-Picher Company, Eagle-Picher Sales Company, Anaconda Copper Mining Company, International Smelting & Refining Company, Sherwin-Williams Company, and the Glidden Company prohibiting a price-fixing conspiracy; prohibiting each of these companies individually from discriminating in price; and prohibiting National Lead Company acquiring the stock or assets of any competitor; all with respect to lead pigments. Separate petitions to review and set aside the order as applicable to each have been filed in the United States Court of Appeals for the Seventh Circuit (Chicago) as follows:

(a) National Lead Company, New York, N. Y.;

(b) Anaconda Copper Mining Company and International Smelting & Refining Company, New York, N. Y.;

(c) Eagle-Picher Company and Eagle-Picher Sales Company, Cincinnati, Ohio;

(d) The Sherwin-Williams Company, Cleveland, Ohio.

Quantity-Limit Case. In addition to the antimonopoly proceedings for review of Commission orders, consolidated proceedings involving the Commission's Quantity-Limit Rule were also before the Federal Courts. Twenty separate petitions filed in the United States District Court for the District of Columbia by B. F. Goodrich Co. and 19 other companies, including the principal manufacturers of automotive tires, for injunctions to restrain enforcement by the Commission of its Quantity-Limit Rule 203-1, were dismissed. Such Rule fixed the maximum quantity of replacement rubber tires and tubes upon which cost justification under section 2 (a) of the Robinson-Patman Act amendments of the Dayton Act may be based. The petitions also sought declaratory judgments. Upon dismissal of the petitions by the District Court, plaintiffs appealed to the United States Court of Appeals for the District of Columbia Circuit, where the suits remained pending at the dose of the fiscal year.³

ANTIDECEPTIVE PRACTICE CASES IN FEDERAL COURTS

During the fiscal year the Supreme Court denied petitions for certiorari in 4 cases, in each of which the Commission's order had been affirmed by a United States Court of Appeals, and 2 such petitions were pending at the close of the year. Two of the denials of certiorari (Jacob Colon, et al., New York, N. Y., and Leo Lichtenstein et al., Chicago, Ill.) were in cases decided by the lower courts during the previous fiscal year. Both involved the sale of merchandise by lottery, and the latter included the additional question of the sale of devices for conducting merchandise lotteries.

Petitions to review and set aside Commission orders prohibiting unfair or deceptive practices were disposed of during the fiscal year in 19 cases. Of these, 14 orders were affirmed and enforced without change by the United States Court of Appeals in which the petition was filed, 1 was modified and affirmed, 1 was set

Book-of-the-Month-Club, Inc. New York, N.Y. Second Circuit (New York). Misleading and deceptive use of the word "free" in the sale of books. ⁶

Consolidated Manufacturing Company, Chicago, Ill. Fourth Circuit (Richmond). Sale of merchandise lottery devices in interstate commerce.

Consumers Sales Corporation et al., New York, N. Y. Second Circuit (New York). Deceptive practices in the sale of kitchenware and tableware. The Supreme Court denied certiorari.

Container Manufacturing Company, St. Louis, Mo. Fourth Circuit (Richmond). Sale of merchandise lottery devices in interstate commerce.

David Bernstein (Affiliated Credit Exchange), Los Angeles, Calif. Ninth Circuit (San Francisco). Unfair and deceptive practices in the conduct of a business for the location of delinquent debtors.

Dejay Stores, Inc., New York. Second Circuit (New York). Unfair and deceptive practices in the location of delinquent debtors.

Gay Games, Inc., et al. (Noel's Gay Games), Chicago, Ill. Seventh Circuit (Chicago). Unfair and deceptive practices in the location of delinquent debtors. Petition for rehearing was denied.

Robert O. Bennett, et al. (National Service Bureau), Washington, D.C. District of Columbia Circuit. Unfair and

Petition for review was dismissed or withdrawn in three proceedings:

Maurice J.

was transferred to the United States District Court for the District of Columbia, and was dismissed by it upon motion by the Commission. This decision was appealed to the United States Court of Appeals for the District of Columbia Circuit, which affirmed the judgment of the lower court and dismissed the proceeding.

Ken Whitmore, Inc., Pittsfield, Mass., United States District Court (Boston). Injunction pendente lite granted January 12, 1953, against misbranding of products under Wool Products Labeling Act.

National Health Aids, Inc., Baltimore, Md., United States District Court (Baltimore). Injunction pendente lite granted November 12, 1953, in case involving alleged false advertising of NHA Complex, a preparation ordered as a competent and effective treatment for arthritis and a number of other diseases.

Pending Antideceptive Practice Court Cases

Bee Jay Products, Inc., Chicago, Ill. Tenth Circuit (Denver), *supra*. Pending expiration of period within which petition for certiorari may be filed.⁷

Bernice Feitler et al. (Gardner & Company), Chicago, Ill. Ninth Circuit (San Francisco), *supra*. Petition for writ of certiorari pending in the Supreme Court.⁸

Book-of-the-Month Club, Inc., New York, N.Y. Second Circuit (New York), *supra*. Pending expiration of period within which petition for certiorari may be filed.⁹

Bostwick Laboratories, Inc., Bridgeport, Conn., Second Circuit (New York). False and misleading advertising of insecticides.¹⁰

Carter Products, Inc., New York, N. Y. Ninth Circuit (San Francisco), *supra*. Petition for writ of certiorari pending in the Supreme Court.¹¹

Directory Publishing Corporation et al., New York, N.Y. Second Circuit (New York). False and misleading representations in the sale of a classified business directory service.

Dolcin Corporation et al, New York, N. Y. District of Columbia Circuit. False and misleading advertisements of "Dolcin," a medicinal product.

⁷ Certiorari denied, October 19, 1953; rehearing denied November 30, 1953.

⁸ Certiorari denied October 12, 1953; rehearing denied November 9, 1953

⁹ Petition for certiorari dismissed November 16, 1953, at request of petitioners, remanded to Commission, December 11, 1953, by Second Circuit for reconsideration in connection with changed policy regarding "free" offers.

¹⁰ Petition For review dismissed December 3, 1953, for lack of prosecution.

¹¹ On October 12, 1953, the Supreme Court granted certiorari, vacated the Judgment of the Ninth Circuit, and remanded the case to that Court with directions "to reinstate Its prior judgment and order after amending it so that it specifically authorizes the Federal Trade Commission to open this proceeding for further evidence and a new order consistent with the Court of Appeals opinion herein." Case remanded to the Commission by the Ninth Circuit on November 18, 1953.

Fred Schambach, New York, N. Y. District of Columbia Circuit. Sale of merchandise by means of a lottery device in interstate commerce and misleading use of the word "free."¹²

Gay Games, Inc., et al. (Noel's Gay Games), Muncie, Ind. Tenth Circuit (Denver), supra. Pending expiration of period within which petition for certiorari may be filed.¹³

Harry Augen (Graphited Lubricants Company), Brooklyn, N. Y. Second Circuit (New York). Unfair and deceptive practices in the sale of ignition points.

Livingston Automotive Supply Company, Inc., et al., Brooklyn, N. Y. Second Circuit (New York). Unfair and deceptive practices in the sale of ignition points;

The New American Library of World Literature, Inc., et al., New York, N.Y. Second Circuit (New York). Misrepresentations in connection with the sale of reprints and condensations of books through failure to disclose the original title or that the reprints are abridged.

Philip Morris & Co., Ltd., Inc., New York, N.Y. District of Columbia Circuit, supra.¹⁴

Prima Products, Inc., et al., New York, N.Y. Second Circuit (New York). False and misleading advertising and deceptive practices in the sale of "Aquilla," a product offered for waterproofing purposes.

Rhodes Pharmacal Co., Chicago, Ill. Seventh Circuit (Chicago). False and misleading advertisements of "Imdrin," a medicinal product.¹⁵

Standard Distributors, Inc., Chicago, Ill. Second Circuit (New York). Misrepresentation as to prices, quality as compared to samples, and "new" encyclopedia.

United States Navy Weekly, Inc., et al., Washington, D. C. District of Columbia Circuit, supra. Pending expiration of period within which petition for certiorari may be filed.¹⁶

U. S. Printing & Novelty Co., Inc., New York, N.Y. District of Columbia Circuit, supra. Pending expiration of period within which petition for certiorari may be filed.^{16a}

William F. Koch et al., Grosse Point Park, Mich. Sixth Circuit (Cincinnati). False and misleading advertising of medicinal products as a cure for cancer and other serious diseases.¹⁷

¹² Order modified and affirmed, September 15, 1953.

¹³ Period has expired.

¹⁴ Order set aside and case remanded to Commission for reconsideration, August 28, 1953, on request of Commission.

¹⁵ Order modified and affirmed, November 3, 1953.

¹⁶ Period has expired.

^{16a} Certiorari denied, October 12, 1953.

¹⁷ Order affirmed, July 8, 1953.

Elip Distributing Corporation, Baldwin, Long Island, filed in the United States District Court for the Eastern District of New York suit for declaratory judgment against the Commission and the Federal Security Agency. This matter involves the advertising of "Elip," a medicinal product sold as a remedy for piles and hemorrhoids.¹⁸

¹⁸ Dismissed for lack of jurisdiction, July 29, 1953.

INDUSTRY COOPERATION



VOLUNTARY ADHERENCE TO LAW

Programs for maintaining observance of laws administered by the Commission through voluntary action on the part of business itself are provided by the Commission in the trade practice conference and stipulation procedures. Securing law observance by industry-wide conference proceedings, and by stipulation agreements, means economy for the Government

and business by elimination of long and expensive formal legal actions.

Trade practice rules are helpful standards for complying with the laws that bear on them. They provide orderly abandonment of unfair or deceptive practices in an entire industry without giving unfair competitive advantage to any individual member or group. The Commission maintains continuing and cooperative liaison with industry to help it achieve voluntary compliance and prevention of the inception of bad practices. When trade practice rules are published, industry members are informed of the legal requirements applicable to their particular trade or business. Unwitting violations are thus substantially reduced.

TRADE PRACTICE CONFERENCES

Trade practice conferences can be applied for by any interested person, party

(d) help clarify the laws administered by the Commission as applied to practices in the industry.

When authorized, a conference is scheduled at a place convenient to most of the industry, and members are invited. At the conference,

participants discuss fully and openly the unfair practices which exist or could exist in the industry. Individual members or groups propose rules to inhibit such practices. After the conference, the Commission releases proposed rules and schedules a public hearing to discuss them, inviting industry members and all interested people, including consumers.

After full consideration, the Commission approves and promulgates final rules for the industry. These rules are published in the Federal Register and become effective 30 days after publication, or when specified by the Commission.

Each industry member receives a copy of the rules and an acceptance form to signify his intent to observe them. Thereafter, the Commission maintains close liaison with industry members and gives immediate attention to any information indicating noncompliance. Where necessary, the Commission proceeds formally against the rule-breaker.

Classification of Rules

Trade practice rules are classified as group 1 and group 2. Group 1 rules include trade practices which the Commission considers illegal. These rules, therefore, are mandatory upon all regardless of whether some industry members may have failed to take part in the conference. Group 2 rules are wholly voluntary. They are recommended usages and restrictions which the industry itself considers to be good business ethics and fair competition.

The Commission will not accept or promulgate a group 2 rule that allows a practice contrary to law or which may aid or abet illegal conduct.

Conference Proceedings

Number pending July 1, 1952	27
New proceedings instituted	13
	———
Total pending proceedings	40
	———
Disposition effected (July 1,1952, to July 1,1953):	
Closed	5
Trade Practice Rules approved for promulgation	5
	———
Total proceedings disposed of	10
Trade Practice Conference proceedings pending June 30,1953	30
Formal Trade Practice Conferences held	11
Formal Public Hearing held	8
Informal Conferences held	430

During fiscal 1953 the Commission approved sets of trade practice rules for 5 industries, 2 of which were revisions of previous rules. While the rules received official approval during the fiscal year

their actual promulgation in the Federal Register took place shortly after the close of the year.

Here are some of the problems which these and other rules were devised to correct:

Hearing Aid Industry had suffered from "baD 0

metic industry worked out a satisfactory agreement on terms advertising this type of product.

Bedding Manufacturing and Wholesale Distributing Industry.—The Commission helped end false claims on the therapeutic value of bedding products and fictitious pricing. The industry has voluntarily curbed the false use of such terms as "Orthopedic," "Health," "Custom Built," "Custom Made," "Posturized" etc., in describing mattress and springs.

Seam Binding Industry.—This industry has cooperatively corrected such violations as delivering short yardage.

STIPULATIONS

Stipulations provide informal pre-complaint settlement of cases by voluntary action. The businesses concerned in such cases have an opportunity to present informally information pertinent to the matters in question, and to enter an agreement to discontinue those practices shown by the facts to be unlawful. The statutory objective is thus achieved by voluntary, cooperative effort without the necessity of resorting to formal, compulsory proceedings.

How Stipulations Are Made

The Commission notifies the persons whose practices have been investigated that certain of them have been challenged as unlawful. The person who receives such notice may reply by letter and submit for consideration any pertinent information or explanation he may care to present, or he may confer in person with a Commission representative. During the year, 152 such conferences were held.

A stipulation agreement before becoming effective for purposes of disposing of file must be approved by the Commission.

Settlement of Informal Cases by Stipulation in Fiscal 1953

Accepted executed stipulations, including 3 amendment or substitute stipulations	121
Closed without prejudice	20
Directed issuance of complaint	9
Referred for further investigation	5
Placed on suspense	1
Rejected stipulation	2
Rescinded stipulations	1
Total . . .	159

The Commission accepted stipulations during fiscal 1953 in a wide range of cases. For example:

Two manufacturers of instant coffee.—Stipulated that they would disclose in future advertising the exact proportions of soluble coffee and other substances contained in their products.

Four detergent makers.—To end

FINANCIAL AND ECONOMIC REPORTS

CONTROL OF IRON ORE

A major economic report was issued during fiscal year 1953, entitled "Report of the Federal Trade Commission to the Antitrust Subcommittee of the Judiciary Committee of the House of Representatives on the Control of Iron Ore." The report is primarily concerned with the effect of the shift in the sources of ore supply on future competition in the steel industry. The report begins with an analysis of the iron ore consumed in 1948 and the sources of this ore. Estimates are made of the iron ore reserves held by the nine major steel companies; and the uses and users of iron ore in steel making are analyzed. Other sections of the report discuss the small users of iron ore, the ore merchants, the relation of iron ore reserves to the future of competition, and the competitive potentialities of new technologies.

The report points out that the high rate of steel production during the last decade has resulted in the rapid depletion of the ore reserves of many companies. The approaching exhaustion of the high-grade, low-cost ores in the Lake Superior region has confronted the steel industry with the necessity of obtaining high-grade ores from foreign sources or of developing low-grade domestic ores known as taconites. The report indicates that the large investment required in the development of either of these sources makes it possible for

In regard to the smaller users of iron ore, the report states, "In general, the iron ore supply situation of the smaller integrated steel companies and of the merchant pig iron producers is not encouraging." "To a considerable extent the smaller users of iron ore exist by sufferance; they are hardly in a position to be a vital element in competition."

The report states that the major ore merchants had by 1948 "virtually become appendages to the large steel companies," through partnership arrangements developed between the ore merchants and the steel companies for the exploitation of ore properties and through long-term contracts between them for supplies of ore. Thus the ore merchants offered little hope of providing more iron ore for smaller users or of assuring a competitive market for ore, and "the spot market, so far as sales by the ore merchants are concerned, is virtually non-existent."

The report also directs attention to new technological developments which, if introduced on a broad scale, might reduce the present level of concentration in the steel industry. Among the more promising developments are the electric smelting furnace, the direct reduction smelting process (including sponge iron), the turbohearth, and continuous casting. Many of these new technologies appear to be of capital-saving or decentralizing character which would permit additional steel capacity to be provided with smaller investment and enable smaller units to operate with reasonable efficiency on local supplies of unexploited ore, scrap, and other metallics. However, the new technologies are far from commercial realities. The report points out that "Under present circumstances wide-spread use of the hitherto unexploited small and scattered deposits of high-grade domestic ore * * * can be expected to take place only in the indefinite future."

FINANCIAL REPORTS

The financial reporting program, a continuation of statistical and economic studies made by the Commission for a number of years, is the only source of current information available anywhere about the financial characteristics of different groups of industries and of different corporate size classes. To eliminate duplication of Government reports, the Federal Trade Commission, in collaboration, with the Securities and Exchange Commission, was designated in 1946 to collect, on behalf of the entire Federal Government, quarterly figures, not otherwise available, setting forth the main items of a consolidated income statement and consolidated balance sheet for manufacturing corporations. It is not practicable for trade associations, commercial banks, or other private enterprises to obtain this kind of information since many firms refuse to supply detailed reports to credit agencies

or trade associations for fear that identified facts about their companies will become available to their competitors.

Such data are needed as a basis for administrative decisions and the formulation of policy by the executive and legislative branches of the Federal Government and by business,

With the publication of the Quarterly Financial Report for United States Manufacturing Corporations for the second quarter of 1952, a new series on the financial experience of

SPECIAL STATUTORY ASSIGNMENTS

DEFENSE PRODUCTION ACT

As originally enacted in 1950 and as extended by subsequent amendatory legislation, section 708 of the Defense Production Act provides that the President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons, with the approval of the President, of voluntary agreements and programs to further the objectives of the act. It further provides that no act, or omission to act, if requested by the President pursuant to a voluntary agreement or program approved thereunder and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act. Copies of such requests must be furnished to the Attorney General and the Chairman of the Federal Trade

Commission. In authorizing the President to delegate to certain officials his authority under section 708 (b) relating to exemptions from the antitrust Laws and the Federal Trade Commission Act, the statute provides that such officials must consult with the Attorney General and the Chairman of the Federal Trade Commission before making any request or finding under the exemption proviso. It provides further, in effect, that such exemptions become effective only with the approval of the Attorney General.

As defense agencies have matters coming within the scope of section 708 of the Defense Production Act, copies of the respective proposals are submitted through the appropriate liaison officers to the Attorney General and the Chairman of the Federal Trade Commission.

the business of insurance "to the extent that such business is not regulated by State law." Proper and efficient functioning of this law requires coordination of activities and cooperation between the Commission and the insurance regulatory authorities of the several States. Through arrangements with such State officials a plan of systematic cooperation and liaison is functioning. Conferences and special meetings between representatives of the Commission and State officials have been held and many problems of concern to both State and Federal agencies have been d TD 0 .4 0 TD (State) Tj -442.08 -15.36 TD 0.001agD -0 Tc (both)

APPROPRIATIONS AND FINANCIAL OBLIGATIONS

FUNDS AVAILABLE FOR FISCAL YEAR

Funds appropriated to the Commission for fiscal year 1953 amounted to \$4,053,300. In addition the Supplemental Appropriation Act, 1953 (Pub. 547, 82d Cong.), approved July 15, 1952, provided \$125,000 making a total available of \$4,178,800.

The Commission also received by transfer the following amounts: from the Economic Stabilization Agency the sum of \$15,000; and from the Board of Governors, Federal Reserve System the sum of \$8,500; for the program of financial reports.

OBLIGATIONS BY ACTIVITIES, FISCAL YEAR 1953

Total ----- 4,177,234

OBLIGATIONS BY OBJECTS, FISCAL YEAR 1953

Personal services -----	\$3,886,238
Travel -----	144,733
Transportation of thing -----	778
Communication services -----	27,675
Rents and utility services -----	13,408
Printing and reproduction -----	27,746
Other contractual services -----	35,094
Supplies and materialn0 2.5637 Tc 0 Tw (-----) Tj 316.-----1-----12e-----	

4,177,234-

SETTLEMENTS MADE UNDER FEDERAL TORT CLAIMS ACT

In reference to section 404 of the Federal Tort Claims Act, the following report is made:
 During the fiscal year 1953 the Commission paid no claims nor were any claims pending.

APPROPRIATIONS AND OBLIGATIONS

Appropriations available to the Commission for the past three fiscal years and obligations for the same period, together with the unobligated balances, are shown in the table below. The table also lists the number of employees as of June 30 of each year.

Year	Number of Employers	Nature of appropriations	Appropriations	Obligations	Balance
1951	684	Lump sum including printing and binding) -----	\$3,891,695	3,770,773.09	\$120,921.91
1952	672	Lump sum including printing and binding) -----	4,314,400	4,307,672.34	6,727.66
1953	642	Lump sum including printing and binding) -----	4,178,800	4,177,233.57	1,566.43

APPENDIXES

Federal Trade Commissioners- 1915-53

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar. 16, 1915-Mar. 18, 1918.
Edward N. Hurley	Illinois	Mar. 16, 1915-Jan. 31, 1917.
William J. Harris	Georgia	Mar. 16, 1915-May 31, 1918.
Will H. Parry	Washington	Mar. 16, 1915-Apr. 21, 1917.
George Rublee	New Hampshire	Mar. 16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar. 16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917-Nov. 30, 1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Huston Thompson	Colorado	Jan. 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1, 1920-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1920-Sept. 25, 1921.
John F. Nugent	Idaho	Jan. 15, 1921-Sept. 25, 1927.
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31, 1926.
Charles W. Hunt	Iowa	June 16, 1924-Sept. 25, 1932.
William E. Humphrey	Washington	Feb. 25, 1925-Oct. 7, 1933.
Abram F. Myers	Iowa	Aug. 2, 1926-Jan. 15, 1929.
Edgar A. McCulloch	Arkansas	Feb. 11, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov. 14, 1927-Nov. 15, 1949.
Charles H. March	Minnesota	Feb. 1, 1929-Aug. 28, 1945.
Ewin L. Davis	Tennessee	May 26, 1933-Oct. 23, 1949.

Raymond B. Stevei4 Tw (Nor4 Tw Tunt)3 Tw TAw TunsalTj -306 -112-306 -60w (June 2aTAW TunsalTj 4 Tc 0.0ir T

James M. Mead
Stephen J. Spingarn
Albert A. Carretta
Edward F. Howrey
John W. Gwynne

New York
New York
Virginia
Virginia
Iowa

Nov. 16, 1949-
Oct. 25, 1950-Sept. 25, 1953.
June 18, 1952-
April 1, 1953-
Sept. 26, 1953-.

Statutes Pertaining to the Federal Trade Commission

The authority and powers of the Federal Trade Commission in the main are drawn from the following statutes:

1. Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717), and subsequently amended as indicated below.
2. Clayton Act, sections 2, 3, 7, 8 and 11, approved October 15, 1914 (38 Stat. 730, 731, 732), amended as indicated below.
3. Webb-Pomerene Export Trade Act, approved April 10, 1918 (40 Stat. 516).
4. Wheeler-Lea Act, approved March 21, 1938 (52 Stat. 111), amending the Federal Trade Commission Act.
5. Robinson-Patman Act, approved June 19, 1936, and amendment thereto approved May 26, 1938 (49 Stat. 1526; 52 Stat. 446), revising and extending section 2 of the Clayton Act.
6. Wool Products Labeling Act of 1939, approved October 14, 1940 (54 Stat. 1128).
7. Public Law 15, 79th Congress, approved March 9, 1945, "An Act to express the intent of the Congress with reference to the regulation of the business of insurance" (59 Stat. 33).
8. Lanham Trade Mark Act, approved July 5, 1946 (60 Stat. 427).
9. Oleomargarine Act, approved March 16, 1950, amending Section 5 of the Federal Trade Commission Act respecting civil penalties, and section 15 respecting misleading advertisement of oleomargarine or margarine (64 Stat. 20).
10. Public Law 899, 81st Congress, approved December 29, 1950, the so-called antimerger legislation, amending and extending section 7 of the Clayton Act. (64 Stat. 1125)
11. Fur Products Labeling Act, approved August 8, 1951 (65 Stat. 175).
12. Flammable Fabrics Act, approved June 30, 1953 (67 Stat. 111).

Federal Trade Commission Act*

(15 U. S. C., Secs. 41-58)

AN ACT To create a Federal Trade Commission, to define its powers and duties, and for other purposes

SEC. 1. Be it enacted by the Senate and House of Representatives of the United States of America in

Congress assembled, That a commission is hereby created and established, to be known as the Federal Trade Commission (hereinafter referred to as the Commission), which

Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the Commission in the exercise of the powers, authority, and duties conferred on it by this Act.

The principal office of the Commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The Commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 4. The words defined in this section shall have the following meaning when found in this Act, to wit:

"Commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the Dis

which such resale is to be made, or to which the commodity is to be transported for such resale.

(3) Nothing contained in this Act or in any of the Antitrust Acts shall render unlawful the exercise or the enforcement of any right or right of action created by any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia, which in substance provides that willfully and knowingly advertising,

such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission

any

of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.

(k) As used in this section the term "mandate," in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

(l) Any person, partnership, or corporation who violates an order to the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of no more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense.⁷

SEC.6. That the commission shall also have power—

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing or

maintain its organization, management, and conduct of business in accordance with law. 015183ct Tj 33.35.7 TD 0.fi
s Tc (isdeTj70m0n D 0 TD9 318

(f) To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

(g) From time to time to classify corporations and to make rules and regulations for the purpose of carrying out the provisions of this Act.

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

SEC. 7. That in any suit in equity brought by or under the direction of the Attorney General as provided in the antitrust Acts, the court may, upon the conclusion of the testimony therein, if it shall be then of the opinion that the complainant is entitled to relief, refer said suit to a referee to report thereon. 015183ct Tj 33.35.7 TD 0.fi
s Tc (isdeTj70m0n D 0 TD9 318

jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. BTD 0 Tc () Tj 10.92 0 TD investi10.44 0 4rB

default, the corporation shall forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any officer or employee of the commission who shall make public any information obtained by the commission without its authority unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by fine and imprisonment, in the discretion of the court.

SEC. 11. Nothing contained in this Act shall be construed to prevent or interfere with the enforcement of the provisions of the antitrust Acts or the Acts to regulate commerce, nor shall anything contained in the Act be construed to alter, modify or repeal the said antitrust Acts or the Acts to regulate commerce or any part or parts thereof.

SEC. 12. (a) It shall be unlawful for any person, partnership, or corporation to disseminate, or cause to be disseminated, any false advertisement—

(1) By United States mails, or in commerce by any means for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food, drugs, devices, or cosmetics, or

(2) By any means, for the purpose of inducing, or which is likely to induce directly or indirectly, the purchase in commerce of food, drugs, devices, or cosmetics.

(b) The dissemination or the causing to be disseminated of any false advertisement within the meaning of subsection (a) of this section shall be an unfair or deceptive act or practice in commerce within the meaning of section 5.

SEC. 13. (a) Whenever the Commission has reason to believe—

(1) that any person, partnership, or

or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement.

the court shall exclude such issue from the operation of the restraining order or injunction.

SEC. 14⁹(a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement thereof, or under such conditions as are customary or usual, or if such violation is with intent to defraud or mislead, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than six months, or by both such fine and imprisonment; except that if the condition is for a violation committed after a first conviction of such person, partnership, or corporation, for any violation of such section, punishment shall be by a fine of not more than \$10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment: Provided, That for the purposes of this section meats and meat food products duly inspected, marked, and labeled in accordance with rules and regulations issued under the Meat Inspection Act approved March 4, 1907, as amended, shall be conclusively presumed not injurious to health at the time the same leave official "establishments "

(b) No publisher, radio-broadcast licensee, or agency or medium for the dissemination or advertising, except the manufacturer, packer, distributor, or seller of the commodity to which the false advertisement relates, shall be liable under this section by reason of the dissemination by him of any false advertisement, unless he has refused on the request of the Commission, to furnish the Commission the name and post-office address of the manufacturer, packer, distributor, seller, or advertising agency, residing in the United States, who caused him to disseminate such advertisement. No advertising agency shall be liable under this section by reason of the causing by it of the dissemination of any false advertisement, unless it has refused, on the request of the Commission, to furnish the Commission the name and post-office address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused it to cause the dissemination of such advertisement.

SEC. 15. For the purpose of sections 12,13, and 14-

(a) (1) the tern "false advertisement" means an advertisement, other than labeling, which is misleading in a material respect; and in determining whether any advertisement is misleading, there shall be taken into account (among, other things) not only representations made or suggested by statement, word, design, device, sound, or any combination thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in said advertisement or, under such conditions as are customary or usual. No advertisement of a drug shall be deemed to be false if it is disseminated only to members of the medical profession, contains no false representations of a material fact, and includes, or is accompanied in each instance by truthful disclosure of, the formula showing quantitatively each ingredient of such drug.

⁹ Section 5 (b) of the amending Act of 1938 provides:

SEC. 5. (b) Section 14 Of the Federal Trade Commission Act, added to such Act by section 4 of this Act, shall take effect on the expiration of sixty days after the date of the enactment of this Act.

(2)/ln

Clayton Act ¹

(Approved in original form Oct. 14,1914; 38 Stat. 730;15 U. S. C. Sec. 12, et. seq.)

[PUBLIC—NO. 212—63D CONGRESS, AS AMENDED BY PUBLIC—No. 692—74TH
CONGRESS, ¹ AND PUBLIC—NO. 899-81ST CONGRESS]

[H.R. 15657]

AN ACT To supplement existing laws against unlawful restraints and monopolies, and for other Purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That "antitrust laws," as used herein, includes the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second,

that nothing therein "shall apply to purchases of their supplies for their own use by schools, colleges, universities, public libraries, churches, hospitals, and charitable institutions not operated for profit"

hearing to all interested parties, fix and establish quantity limits, and revise the same as it finds necessary, as to particular commodities or classes of commodities, where it finds that available purchasers in greater quantities are so few as to render differentials on account thereof unjustly discriminatory or promotive of monopoly in any line of commerce; and the foregoing shall then not be construed to permit differentials based on differences in quantities greater than those so fixed and established: And provided further, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade: And provided further, That nothing herein contained shall prevent price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

(b) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price of services or facilities furnished the burden of rebutting the prima facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: Provided,

sides, or is found, or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee.

SEC. 5. That a final judgment or decree hereafter rendered in any criminal prosecution or in any suit or proceeding in equity brought by or on behalf of the United States under the antitrust laws to the effect that a defendant has violated said laws shall be prima facie evidence against such defendant in any suit or proceeding brought by any other party against such defendant under said laws as to all matters, respecting which said judgment or decree would be an estoppel as between the parties thereto: Provided, This section shall not apply to consent judgments or decrees entered before any testimony has been taken: Provided further, This section shall not apply to consent judgments or decrees rendered in criminal proceedings or suits in equity, now pending, in which the taking of testimony has been commenced but has not been concluded, provided such judgments or decrees are rendered before any further testimony is taken.

Whenever any suit or proceeding, in equity or criminal prosecution is instituted by the United States to prevent, restrain, or punish violations of any of the antitrust laws, the running of the statute of limitations in respect of each and every private right of action arising under said laws and based in whole or in part on any matter complained of in said suit or proceeding shall be suspended during the pendency thereof.

SEC. 6. That the labor of a human being is not a commodity or article of commerce. Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws.

SEC. 7.³ That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of one or more corporations engaged in commerce, where in any line of commerce in any section of the country, the effect of such acquisition, of such stocks or assets, or of the use of such stock by the voting or granting of proxies or otherwise, may be substantial, to lessen competition, or to tend to create a monopoly.

This section shall not apply to corporations purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce from

Nothing

provisions of this Act it shall be lawful for him to continue as such for one year thereafter.

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

SEC. 9.⁴ Every president, director, officer or manger of any firm, association or corporation engaged in commerce as a common carrier, who embezzles, steals, abstracts or willfully misapplies, or willfully permits to be misapplied, any of the moneys, funds, credits, securities, property, or assets of such firm, association, or corporation, arising or accruing from, or used in, such commerce, in whole or in part, or willfully or knowingly converts the same to his own use or the use of another, shall be deemed guilty of a felony and upon conviction shall be fined not less than \$500 or confined in the penitentiary not less than one year nor more than ten years, or both, in the discretion of the court.

Prosecution hereunder may be in the district court of the United States for the district wherein the offense may have been committed.

That nothing in this section shall be held to take away or impair the jurisdiction of the courts of the several States under the laws thereof and a judgment of conviction or acquittal on the merits under the laws of any State shall be a bar to any prosecution hereunder for the same act or acts.

SEC. 10. That after two years from the approval of this Act no common carrier engaged in commerce shall have any dealings in securities, supplies, or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership, association when the said common carrier shall have upon its board of directors or as its president, manager, or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership, or association, unless and except such purchases shall be made from, or such dealings shall be with, the bidder whose bid is the most favorable to such common carrier to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission. No bid shall be received unless the name and address of the bidder or the names and addresses of the officers, directors, and general managers thereof, if the bidder be a corporation, or of the members, if it be a partnership or firm, be given with the bid.

Any person who shall, directly or indirectly, do or attempt to do anything to prevent anyone from bidding or shall do any act to prevent free and fair competition among the bidders or those desiring to bid shall be punished as prescribed in this section in the case of an officer or director.

Every such common carrier having shall, the the ~~the~~

SEC. 11.⁵ That authority to enforce compliance with sections 2, 3, 7, and 8 of this Act by the persons respectively subject thereto is hereby vested in the Interstate Commerce Commission where applicable to common carriers subject to the Interstate Commerce Act, as amended; in the Federal Communications Commission where applicable to common carriers engaged in wire or radio communication or radio transmission of energy; in the Civil Aeronautics Board where applicable to air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938; in the Federal Reserve Board where applicable to banks, banking associations, and trust companies; and in the Federal Trade Commission where applicable to all other character of commerce to be exercised as follows:

Whenever the Commission or Board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections 2, 3, 7, and 8 of this Act, it shall issue and serve upon such person and the Attorney General a complaint stating its charges in that respect, and containing a notice of hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission or Board requiring such person to cease and desist from the violation of the law so charged in said complaint;. The Attorney General shall have the right to intervene and appear in said proceeding and any person may make application, and upon good cause shown may be allowed by the Commission or Board, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission or Board. If upon such hearing the Commission or Board, as the case may be, shall be of the opinion that any of the provisions of said sections have been or are being violated, it shall make a report in writing, in which it shall state its findings as to the facts, and shall issue and cause to be served on such person an order requiring such person to cease and desist from such violations, and divest itself of the stock, or other share,

Any party required by such order of the Commission or Board to cease and desist from a violation charged may obtain a review of such order in said United States court of appeals by filing in the court a written petition praying that the order of the Commission or Board be set aside. A copy of such petition shall be forthwith served upon the Commission or Board, and thereupon the Commission or Board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the Commission or Board as in the case of an application by the Commission or Board for the enforcement of its order, and the findings of the (Commission or Board as to the facts, if supported by substantial evidence, shall in like manner be conclusive

The jurisdiction of the United States court of appeals to enforce, set aside, or modify orders of the Commission or Board shall be exclusive.

Such proceedings in the United States court of appeals shall be given precedence over cases pending therein, and shall be in every way expedited. No order of the Commission or Board or the judgment of the court to enforce the same shall in anywise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the Commission or Board under this section may be served by anyone duly authorized by the Commission or Board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person, or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

SEC. 12. That any suit, action, or proceeding under the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or whatever it may be found.

SEC. 13. That in any suit, action, or proceeding brought by or on behalf of the United States subpoenas for witnesses who are required to attend a court of the United States in any judicial district in any case, civil or criminal, arising under the antitrust laws may run into any other district: Provided, That in civil cases no writ of subpoena shall issue for witnesses living out of the district in which the court is held at a greater distance than one hundred miles from the place of holding the same without the permission of the trial court being first kind upon proper application and cause shown.

SEC. 14. That whenever a corporation shall violate any of the penal provisions of the antitrust laws, such violation shall be deemed to be also that of the individual directors, officers, or agents of such corporation who shall have authorized, ordered, or done any of the acts constituting in whole or in part such violation, and such violation shall be deemed a misdemeanor, and upon conviction thereof by any such director, officer, or agent he shall be punished by a fine of not exceeding \$5,000 or by imprisonment for not exceeding one year, or by both, in the discretion of the court.

SEC. 15. That the several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this Act, and it shall be the duty of the several district courts of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been

SEC. 10. That any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction

necessary to prevent irreparable injury to property, or to a property right of the party making the application, for which injury there is no adequate remedy at law, and such property or property right must be described with particularity in the application which must be in writing and sworn to by the applicant or by his agent or attorney.

And no such restraining order or injunction shall prohibit any person or persons, whether singly or in concert, from terminating any relation of employment, or from ceasing to perform any work or labor, or from recommending, advising, or persuading others by peaceful means so to do; or from attending at any place where any such person or persons

9-24-2017 10:02:15 AM EDT 100881 (work) 2266.0220.0016 IT

person charged with contempt, in which event such person, when arrested, shall be brought before such court or a judge thereof without unnecessary delay and shall be admitted to bail in a reasonable penalty for his appearance to answer to the charge or for trial for the contempt; and thereafter the proceedings shall be the same as provided herein in case the rule had issued in the first instance.

SEC. 23.⁸ That the evidence taken upon the trial of any persons so accused may be preserved by bill of exceptions, and any judgment of conviction may be reviewed upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require. Upon the granting of such writ of error, execution of judgment shall be stayed and the accused, if thereby sentenced to imprisonment, shall be admitted to bail in such reasonable sum as may be required by the court, or by any justice or any judge of any district court of the United States or any court of the District of Columbia.

SEC. 24.⁸ That nothing herein contained shall be construed to relate to contempt committed in the presence of the court, or so near thereto as to obstruct the administration of justice, nor to contempt committed in disobedience of any lawful writ, process, order, rule, decree, or command entered in any suit or action brought or prosecuted in the name of, or on behalf of, the United States, but the same, and all the other cases of contempt not specifically embraced with in section twenty-one of this Act, may be punished in conformity to the usages at law and in equity now prevailing.

SEC. 25.⁸ That no proceeding for contempt shall be instituted against any person unless begun within one year from the date of the act complained of; nor shall any such proceeding be a bar to any criminal prosecution for the same act or acts; but nothing herein contained shall affect any proceedings in contempt pending at the time of the passage of this Act.

SEC. 26. If any clause, sentence, paragraph, or part; of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Approved, October 15, 1914.

Flammable Fabrics Act

to be approved by the President

(b) The term "commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

(c) The term "Territory", includes the insular possessions of the United States and also any Territory of the United States.

(d) The term "article of wearing apparel" means any costume or article of clothing worn or intended to be worn by individuals except hats, gloves, and footwear: Provided, however, That such hats do not constitute or form part of a covering for the neck, face, or shoulders when worn by individuals: Provided further, That such gloves are not more than fourteen inches in length and are not affixed to or do not form an integral part of another garment: And provided further, That such footwear does not ~~or~~ ¹⁵⁴sale, or

apparel purposes until properly and adequately treated or processed so as to render them unlawful for introduction into commerce, or by sale upon execution of good and sufficient bond to the effect that such articles of wearing apparel or fabrics bill not be disposed of for wearing apparel purposes until properly and adequately treated or processed so as to render them lawful for introduction into commerce. If such products are disposed of by sale the proceeds, less costs and charges, shall be paid into the Treasury of the United States.

PENALTIES

SEC.. 7. Any person who willfully violates section 3 or 8 (b) of this Act shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$5,000 or be imprisoned not more than one year or both in the discretion of the court: Provided,

ing a contract or commission service for the account of a person subject to the provisions of this Act: Provided, That said converter, processor, or finisher does not cause any article of wearing apparel or fabric to become subject to this Act contrary to the terms of the contract or commission service; or (c) to any article of wearing apparel or fabric shipped or delivered for shipment into commerce for the purpose of finishing or processing to render such article or fabric not so highly flammable, under the provisions of section 4 of this Act, as to be dangerous When worn by individuals,

EFFECTIVE DATE

SEC.. 12. This Act shall take effect one year after the date of its passage.

AUTHORIZATION OF NECESSARY APPROPRIATIONS

SEC.. 13. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Approved June 30,1953.

Types of Unfair Methods and Practices

The following list illustrates unfair methods of competition and unfair or deceptive acts and practices condemned by the Commission from time to time in its orders to cease and desist. The list is not limited to orders issued during the fiscal year. Because of space limitation does not include ccTc () f6() Tj 2 0 TD 0.0.0u TcD

2. Describing various symptoms and falsely representing that they indicate the presence of diseases and abnormal conditions which the product advertised bill cure or alleviate.

3. Representing products to have been made in the United States when the mechanism or movements, in whole or in important part, are of foreign

4. Bribing buyers or other employees of customers and prospective customers, without employers' knowledge or consent, to obtain or hold patronage.

5. Procuring: the business or trade secrets of competitors by espionage, or by bribing their employees, or by similar means.

6. Inducing employees of competitors to violate their contracts and enticing them away in such numbers or under such circumstances as to hamper or embarrass the competitors in the conduct of their business.

7. Making false and disparaging statements respecting competitors (Title 16, Chapter 17, Section 110, Public Law 101-508, 116 Stat. 2809)

of alleged infringing products, not in good faith, but for the purpose of intimidating the trade and hindering or stifling competition, and claiming, without justification, exclusive rights in public names of unpatented products.

9. Conspiring to maintain uniform selling prices, terms and conditions of sale through the use of a patent-licensing system.

10. Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers or certain classes of such dealers from procuring goods at the same terms accorded to the boycotters or conspirators, or through coercion to influence the trade policy of their competitors or of manufacturers from whom they buy.

11. Passing off goods for products of competitors through appropriation or simulation of such competitors' trade names, labels, dress of goods, or counter display catalogs.

20. Using containers ostensibly of the capacity customarily

(f) They were made under conditions or circumstances considered of importance by a substantial part of the general purchasing public; or

(g) They were made in a country, or city, or locality considered of importance in connection with the public taste, preference, or prejudice; or

(h) They have the usual characteristics of value of a product properly so designated, as through use of a common, generic name, such as "paint," to designate a product lacking the necessary ingredients of paint; or

(I) They are of greater value, durability, and desirability than is the fact, as labeling rabbit fur as "Beaver"; or

(j) They are designed, sponsored, produced, or approved by the

Products Labeling Act, or removing or mutilating tags required to be affixed to the products when they are offered for sale to the public.

29. Failing and refusing to deal justly and fairly with customers in consummating transactions undertaken through such practices as refusing to correct mistakes in filling orders or to make promised adjustments or refunds, and retaining, without refund, goods returned for exchange or adjustment, and enforcing, notwithstanding agents' alterations, printed terms of purchase contracts, and exacting payments in excess of customers' consignments.

30. Shipping products at market prices to customers or prospective customers or to the customers or prospective customers of competitors without an order and then inducing or attempting by various means to induce the consignees to accept and purchase such consignments.

31. Inducing the shipment and sale of commodities through buyer's issuance of fictitious price lists and other printed matter falsely representing rising market conditions and demand, and leading seller to ship under the belief that he would receive prices higher than the buyer intended to or did pay.

Description of Procedure

Cases before the Commission may originate in one of several ways: Through complaint by a consumer or a competitor; from other governmental agencies, Federal, State, or municipal; or upon observation by the Commission. The Commission itself may initiate an investigation to determine whether the laws administered by it are being violated. No formality is required in making application for complaint. A letter setting forth the facts in detail is sufficient, but it should be accompanied by all evidence in possession of the complaining party in support should deTD () TD 0 30 0 TD made

answer of the respondent, together with subsequent proceedings, are matters of public record. Formal complaints are issued in the name of the Commission acting in the public interest. They name the respondents, allege a violation of law, and contain a statement of the charges. The party complaining to the Commission is not a party to the formal complaint, and the proceeding does not seek to adjust matters between parties. On the contrary, the purpose of a Commission proceeding is to prevent, for the protection of the public, those unfair methods of competition and unfair or deceptive practices forbidden by the Federal Trade Commission Act and those practices within the Commission's jurisdiction which are prohibited by the Clayton Antitrust Act, as amended by the Robinson-Patman Act; the Export Trade Act; and the Wool and Fur Labeling Acts.

The Commission's rule of practice provides that a respondent desiring to contest the proceeding shall file an answer admitting, denying, or explaining each allegation within 20 days from service of the complaint. In addition, any respondent is afforded an opportunity to submit offers of settlement where time, the nature of the proceeding, and the public interest permit.

Where evidence is to be taken in a contested case, the matter is set down for hearing before a hearing examiner. Such hearings, with due regard to the convenience and necessity of all parties, may be held anywhere in the United States. The Commission's complaint is supported by one or more of its hearing attorneys, and the respondent has the privilege of appearing in his own behalf or by attorney.

In these hearings, respondents have the right to present evidence and to cross-examine witnesses, as well as other rights fundamental to judicial proceedings. Counsel supporting the complaint has the general burden of proof.

After the submission of evidence in support of the complaint and in behalf of the respondent, and after the parties have otherwise been duly heard and their contentions considered, the hearing examiner, within 30 days after closing the record, prepares and files an initial decision. This decision becomes a Commission decision 30 days after service unless the parties appeal to the Commission or unless the Commission, on its own initiative, docket the case for review.

Filing of initial decisions by hearing examiners is a procedure authorized by the Commission, pursuant to the Administrative Procedure Act. Formerly, hearing examiners made recommended decisions, with the initial decision being made by the Commission.

Initial decisions include a statement of findings and conclusions, with the reasons or bases therefor, upon all the material issues of fact, law, or discretion presented on the record, and an appropriate order. All findings, conclusions, and orders made and issued by the hearing examiner must be based upon the whole record and supported by reliable, probative, and substantial evidence.

In

Filing (made) Tdion bei

General Investigations by the Commission since 1915

Since its establishment in 1915, the Federal Trade Commission has conducted numerous general inquiries which are alphabetically listed and briefly described in the following pages.¹ They were made at the request of the President, the Congress, the Attorney General, Government agencies, or on motion of the Commission pursuant to the Federal Trade Commission Act.

Reports on these inquiries in many instances have been published as Senate or House documents or as Commission publications. Printed documents, unless indicated as being out of print,² may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. Processed publications are available without charge from the Federal Trade Commission while the supply lasts.

Agencies initiating or requesting investigations are indicated in parentheses in the headings. Investigations, the results of which have been published, are listed below. Following this listing are unpublished investigations conducted by the Commission.

Accounting Systems (F.T.C.).—Pointing the way to a general improvement in accounting practices, the Commission, published *Fundamentals of a Cost System for Manufacturers* (H. Doc. 1356, 64th, 31 p., o. p., 7/1/16) and *A System of Accounts for Retail Merchants* (19 p., o. p., 7/15/16).

~~Accounting Systems—See Distribution (Costing Systems)~~ Tc (be)2e

competitors; rather than capital stock.⁴ (See also under Farm Implements and Independent Harvester Co.)

Agricultural Income (Congress).—Investigating a decline in agricultural income and increases or decreases in the income of corporations manufacturing and distributing wheat, cotton, tobacco, livestock, milk, and potato products (Public Res. 61, 74th, 8/27/35), and table and juice grapes, fresh fruits and vegetables (Public Res. 112, 74th, 6/20/36), the Commission made recommendations concerning, among other things, the marketing of commodities covered by the inquiry; corporate consolidations and mergers;⁵ unbalanced agricultural-industrial relations; cooperative associations; production financing; transportation; and terminal markets. Its recommendations for improvement of the Perishable Agricultural Commodities Act were adopted by Congress in amending that act (Public, 328, 75th) in 1937. [Report of the F.T.C. on Agricultural Income Inquiry, Part I, Principal Farm Products, 1,134 p., 3/2/37 (summary, conclusions, and recommendations, S. Doc. 54, 75th, 40 p.); Part II, Fruits, Vegetable, and Grapes, 906 p. 6/10/37; Part III, Supplementary Report, 154 p., 11/8/37; and interim reports of 12/26/35 (H. Doc. 380, 74th, 6 p.), and 2/1/37 (S. Doc. 17, 75th, 16 p.) .]

Agricultural Prices.—See Price Deflation.

Automobiles.—See Distribution Methods and Costs, and Motor Vehicles.

Bakeries and Bread.—See under Food.

Beet Sugar.—See under Food—Sugar.

Building Materials.—See Distribution Methods and Costs.

Calcium Arsenate (Senate).—High prices of calcium arsenate, a poison used to destroy the cotton boll weevil (S. Res. 417, 67th, 1/23/23), appeared to be due to sudden increased demand rather than trade restraints (Calcium Arsenate Industry, S. Doc. 345, 67th, 21 p., op 3/3/23)

Cartels.— See paragraphs headed Copper Industry, International Phosphate Cartels, Sulphur Industry, International Electrical Equipment Cartel, International Steel Cartels, Fertilizer (F.T.C.), International Petroleum Cartels, and International Alkali Cartels.

Cement (Senate).—Inquiry into the cement industry's competitive conditions and distributing processes (S. Res. 448, 71st, 2/16/31) showed that rigid application of the multiple basing-point price system⁶ tended to lessen price competition and destroy the value of sealed bids; concerted activities of manufacturers and dealers strengthened the system's price effectiveness; and dealer associations' practices were designed to restrict sales to recognized "legitimate" dealers (Cement Industry, S. Doc. 71, 73d, 160 p., o. p., 6/9/33).

Chain Stores (Senate).—Practically every phase of chain-store operation was covered (S. Res. 224, 70th, 5/12/28), including cooperative chains, chain-store manufacturing and wholesale business, leaders and loss leaders, private brands, short weighing and overweighing and sales, costs, profits, wages, special discounts and allowances, and prices and margins of chain and independent grocery and drug distributors in selected cities. (For subtitles of 33 reports published under the general title, Chain Stores, 1931-33, see F. T. C. Annual Report, 1941, p. 201.)

⁴ Conditions With Respect to the Sale and Distribution of Milk and Dairy Products (H. Doc. 94, 75th, 1/4/37), p. 38; Report of the F.T.C. on Agricultural Income Inquiry, Part I (3/2/37), p. 26; Agricultural Implement and Machinery Industry (H. Doc. 702, 75th, 6/6/39), p. 1038; The Present Trend of Corporate Mergers and Acquisitions 3/7/47); The Merger Movement: A Summary Report (1948); and F.T.C. Annual Reports: 1938, pp. 19 and 29; 1939, p. 14; 1940, p.

In the Final Report on the Chain-Store Investigation (S. Doc. 4, 74th, 110 p., o. p., 12/14/34), legal remedies available to combat monopolistic tendencies in chain-store development were discussed.⁷ The Commission's recommendations pointed the way to subsequent enactment of the Robinson-Patman Act (1936) prohibiting price and other discriminations, and the Wheeler-Lea Act (1938) which amended the Federal Trade Commission Act so as to broaden the prohibition of unfair methods of competition in section 5 to include unfair or deceptive acts or practices in interstate commerce.

Cigarette Shortage (F.T.C. and Senate Interstate Commerce Committee Chairman), Wartime, 1944-45.—In response to complaints from the public and a request from the Chairman of the Senate Interstate Commerce Committee (letter to Committee on 4/29/45, H. R. 204, 76 (0) III 1400.TDm 610y Fe 296() 3 Tc -0.015

Commercial Bribery

Trade Commission, and considered the rapid rise of wartime prices and the plans then being made for the Commission's general investigation of foodstuffs. [See Foods (President), Wartime, 1917-18, herein.] Proceedings of the conference were published (High Cost of Living, 119 p., o. p.).

Cotton Industry.—See Textiles.

Cottonseed Industry (House).—Investigating alleged price fixing (H. Res. 439, 69th, 3/2/27), the Commission reported evidence of cooperation among State associations but no indication that cottonseed crushers or refineries had fixed prices in violation of the antitrust laws (Cottonseed Industry, II. Doc. 193, 70th, 37 p., 3/5/28).

Cottonseed Industry (Senate).—Two resolutions (S. Res. 136, 10/21/29, and S. Res. 147, 11/2/29—71st) directed the Commission to determine whether alleged unlawful combinations of cottonseed oil mill corporations sought to lower and fix prices of cottonseed and to sell cottonseed meal at a fixed price under boycott threat; and whether such corporations acquired control of cotton gins to destroy competitive markets and depress or control prices paid to seed producers (Investigation of the Cotton seed Industry, preliminary report, S. Doc. 91, 71st, 4 p., o. p., 2/28/30, and final report, 207 p., o. p., with 11 vols. testimony, S. Doc. 209, 71st, 5/19/33).

Distribution Cost Accounting (F. T. C.).—To provide a guide for current legislation and determine ways for improving accounting methods, the Commission studied distribution cost accounting in connection with selling, warehousing, handling, delivery, credit and collection (Case Studies in Distribution Cost Accounting for Manufacturing and Wholesaling, H. Doc. 287, 77th, 215 p., o. p., 6/23/41).

Distribution.—See Millinery Distribution.

Distribution of Steel Consumption.— study to determine the distribution of steel in a time of shortage, when control over distribution rests with the producers. (1949-1960) The results of the study were transmitted to the Subcommittee on Monopoly of the Senate Select Committee on Small Business and published as a committee print. (20p) 3/31/52.

Distribution Methods and Costs (F.T.C.).—This inquiry into methods and costs of distributing important consumer commodities (F. T. C. Res., 6/27/40) was undertaken by the Commission pursuant to authority conferred upon it by section 6 of the F. T. C. Act. Eight parts of the F. T. C. Report on Distribution Methods and Costs were transmitted to Congress and published under the sub-titles: Part I, Important Food

of the antitrust acts." Two major series of reports related to meat packing and the grain trade with separate inquiries into flour milling, canned vegetables and fruits, canned salmon, and related matters, as listed below.

Food (President) Continued—Meat Packing.—Food Investigation-Report of the F. T. C. on the Meat-Packing Industry was published in six parts: I. Extent and Growth of Power of the Five Packers in Meat and Other Industries (6/24/19, 574, p., o. p.); II. Evidence of Combination Among Packers (11/25/18, 294 p., o. p.); III.

products should be required to procure a Federal license and that Federal inspection and standards should be provided. Provisions in accordance with these recommendations were incorporated in the Perishable Agricultural Commodities Act (1930) .

Food—Bread and Flour (Senate).—"Reports on this inquiry (S. Res. 163, 68th, 2/26/24) were: Competitive Conditions in Flour Milling (S. Doc. 97, 70th, 140 p., o. p., 5/3/26); Bakery Combines and Profits (S. Doc. 212, 69th, 95 p., 2/11/27); Competition and Profits in Bread and Flour (S. Doc. 98, 70th, 509 p., o. p., 1/11/28); and Conditions in the Flour Milling Business, supplementary (S. Doc. 96, 72d, 26 p., o. p., 5/28/32).

Food—Wholesale Baking Industry (F. T. C.).—This inquiry (F. T. C. Res., 8/31/45) resulted in two reports to Congress: Wholesale Baking Industry, Part I—Waste in the Distribution of Bread (4/22/46, Processed, 29 p.) and Wholesale Baking Industry, Part II—Costs, Prices and Profits (8/7/46, 137 p.). Part I developed facts concerning wasteful and uneconomic practices in the distribution of bread, including consignment selling which involves the taking back of unsold bread; furnishing, by gift or loan, bread racks, stands, fixtures, etc., to induce distributors to handle a given company's products It was found that, although War Food Order No. 1 which prohibited these practices was only partially observed, in 1945 as compared with 1942, the quantity of bread saved was sufficient to supply the population of England, Scotland, and Wales with a daily ration of one-third of a loaf for 30 days, the population of France for 36 days, or the population of Finland for nearly 1 year. The Commission suggested that "a careful examination of present laws be made by the legislative and executive branches of the Government to determine what legislation, if any, is needed to permanently eliminate wasteful trade practices and predatory competition which threaten the existence of many small bakers, foredoom new ventures to failure and promote regional monopolistic control of the wholesale bread baking industry."

Part II presents information concerning prices and pricing practices in the industry, profits earned, and unit costs of production and distribution. It compares the details of production and distribution costs for bread and rolls, other bakery products, and for all bakery products for two operating periods in 1945, March and September. Comparisons of costs are also made for these two periods for plants arranged by geographical areas. Comparisons of the costs of production and distribution are made by size groups of wholesale bakeries.

Food—Fish.—See Distribution Methods and Costs.

Food—Flour Milling (Senate).—This study of costs, profits, and other factors (S. Res. 212, 67th, 1/18/22) was reported in Wheat Flour Milling Industry (S. Doc. 130, 68th, 130 p., o. p., 5/6/24).

Food—Flour-Milling Industry, Growth and Concentration in (F. T. C.).—The Commission's study showed that there has been a progressive increase in the size of flour-mill operations and a progressive decrease in the number of flour-milling establishments. Nevertheless, the Commission reported, there is a lesser degree of concentration in the flour-milling industry than in many other important industries. The results of the study were presented to Congress in a report on the Growth and Concentration in the Flour-Milling Industry (6/2/47).

Food—Grain Elevators (F. T. C.), Wartime, 1917-18.—In view of certain bills pending before Congress with reference to regulation of the grain trade, the Commission, in a preliminary report, Profits of Country and Terminal Grain Elevators (S. Doc. 40, 67th, 12 p.,o. p., 6/13/21) presented certain data collected during its inquiry into the grain trade ordered by the President.

Food—Grain Exporters (Senate).—The low prices of export wheat in 1921 gave rise to this inquiry (S. Res. 133, 67th, 12/22/21) concerning harmful speculative

price

a Commission investigation (S. Res. 133, 66th, 7/25/19) revealed the alleged discrimination did not appear to exist (Southern Livestock Price, S. Doc. 209, 66th, 11 p., o. p., 2/2/20).

Food—Sugar (House).—An extraordinary advance in the price of sugar in 1919 (H. Res. 150, 66th, 10/1/19) was found to be due chiefly to speculation and hoarding. The Commission made recommendations for correcting these abuses (Report of the F. T. C. on sugar supply and Prices, 205 p., o. p., 11/15/20).

Food—Sugar, Beet (F. T. C.).—Initiated by the Commissioner of Corporations¹¹ but completed by the F. T. C., this inquiry dealt with the cost of growing beets and the cost of beet-sugar manufacture (Report on the Beet Sugar Industry in the U. S., Tw (10/1/19)) Tj 37.56 0 TD 0 Tc () T20 TD 0 Tc (j 4y) Tj 31.92 0 0Tw (10/1/hs

Housefurnishings (Senate).—This inquiry (S. Res. 127, 67th, 1/4/22) resulted in three

Leather and Shoes (F. T. C. and House), Wartime, 1917-18.—General complaint regarding high prices of shoes led to this inquiry, which is reported in Hide and Leather Situation,

National Wealth and Income (Senate).—In 1922 the national wealth was estimated (inquiry pursuant to S. Res. 451, 67th, 2/28/23) at \$353,000,000,000 and the national income in 1923 at \$70,000,000,000 [National Wealth and Income (S. Doc. 126, 69th, 381 p., o. p., 5/25/26) and Taxation and Tax-Exempt Income (S. Doc. 148, 68th, 144 p., o. p., 6/6/24)].

Open-Price Associations (Senate).—An investigation (S. Res. 28, 69th, 3/17/25) to ascertain the number and names of so-called open-price associations, their importance in industry and the extent to which members maintained uniform prices, was reported in Open-Price Trade Associations (S. Doc. 226, 70th, 516 p., o. p., 2/13/29).

Packer Consent Decree.—See Food (President) Continued—Meat Packing.

Paper—Book (Senate), Wartime, 1917-18.—This inquiry (S. Res. 269, 64th, 9/7/16) resulted in proceedings by the Commission against certain manufacturers to prevent price enhancement and the Commission recommended legislation to repress trade restraints [Book Paper Industry—Preliminary Report (S. Doc 45, 65th, 11 p., o. p., 6/13/17), and Book Paper Industry—Final Report (S. Doc. 79, 65th, 125 p., o. p., 8/21/17)].

Paper—Newsprint (Senate), Wartime, 1917-18.—High prices of newsprint (S. Res. 177, 64th, 4/24/16) were shown to have been partly a result of certain newsprint association activities in restraint of trade. Department of Justice proceedings resulted in abolishment of the association and indictment of certain manufacturers. The Commission for several years conducted monthly reporting of production and sales statistics, and helped provide some substantial relief for smaller publishers in various parts, of the country. [Newsprint Paper Industry, preliminary (S. Doc. 3, 65th, 12 p., o. p., 3/3/17; Report of the F. T. C. on the Newsprint Paper Industry (S. Doc. 49, 65th) 162 p., o. p., 6/13/17); and Newsprint Paper Investigation (in response to S. Res. 95, 65th, 6/27/17; S. Doc. 61, 65th, 8 p., o. p., 7/10/17)].

Paper—Newsprint (Senate).—"The question investigated (S. Res. 337, ,70th, 2/27/29) was whether a monopoly existed among newsprint manufacturers and distributors in supplying paper to publishers of small dailies and weeklies (Newsprint Paper Industry, S. Doc. 214, 71st, 116 p., o. p., 6/30/30).

Petroleum.—See International Petroleum Cartel.

Petroleum Products.—See Distribution Methods and Costs.

Petroleum and Petroleum Products, Prices (President and Congress).—At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: Investigation. of the Price of Gasoline, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and Report on the Price of Gasoline in 1915 (H. Doc. 74, 65th, 224 p., o. p., 4/11/17—both pursuant to S. Res. 109, 63d, 6/18/13 ¹² and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; Advance in the Prices of Petroleum Products (H. Doc. 801, 66th, 57 p., o. p., 6/1/20)—pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; Letter of Submittal and Summary of Report on Gasoline Prices in 1924 (24 p. processed, 6/4/24, and Cong. Rec., 2/28/25, p. 5158)—pursuant to request of President Coolidge, 2/7/24; Petroleum Industry—Prices, Profits and Competitions (S. Doc. 61, 70th, 360 p., o. p., 12/12/27)—pursuant to S. Res. 31, 69th, 6/3/36; Importation of Foreign Gasoline at Detroit, Mich., (S. Doc. 206, 72d, 3 p., o. p., 2/27/33)—pursuant to S. Res. 274, 72d, 7/16/32; and Gasoline Prices (S. Doc. 178, 73d, 22 p., o. p., 5/10/34)—pursuant to S. Res. 166, 73d, 2/2/34.

¹³ See footnote 8, p. 96.

Petroleum—Foreign Ownership (Senate).—Inquiry was made (S. Res. 311, 67th, 6/29/22) into acquisition of extension oil interests in the U. S. by the Dutch-Shell organization, and into discrimination allegedly practiced in foreign countries against American interests (Report of the F. T. C. on Foreign Ownership in the Petroleum Industry, 152 p., o. p., 2/12/23).

Petroleum Pipe Lines (Senate).—Begun by the Bureau of Corporations, ¹⁸this inquiry (S. Res. 109, 63d, 6/18/13) showed the dominating importance of the pipe lines of the great midcontinent oil fields and reported practices of the pipeline companies which were unfair to small producers (Report on Pipe-Line Transportation of Petroleum, 467 p., o. p., 2/28/16), some of which practices were later remedied by the Interstate Commerce Commission.

Petroleum—Regional Studies (Senate and F. T. C.).—Reports published were: Pacific Coast Petroleum Industry (two parts 4/7/21 and 11/28/21, 538 p., o. p.)—pursuant to S. Res. 138, 66th, 7/31/19; Reports of the F. T. C. on the Petroleum Industry of Wyoming (54 p., o. p., 1/3/21)—pursuant to F. T. C. motion; Petroleum Trade in Wyoming and Montana, (S. Doc. 233, 67th, 4 p., o. p., 7/13/22)—pursuant to F. T. C. motion, in which report legislation to remedy existing conditions was p.)—

con

legislation as the Securities Act (1933), the Public Utility Holding Company Act (1935), the Federal Power Act (1935), and the Natural Gas Act (1938),

Public hearings were held on all phases of the inquiry and monthly interim reports presented hundreds of detailed studies by the Commission's economists, attorneys, accountants, and other experts, based on examination of 29 holding companies having \$6,108,128,713 total assets; 70 subholding companies with \$5,685,463,201 total assets; and 278 operating companies with \$7,245,106,464 total assets. The testimony, exhibits, and final reports (Utility Corporations, S. Doc. 92, 70th) comprised 95 volumes.¹⁴

Price Bases (F. T. C.).—More! than 3,500 manufacturers representing practically every industrial segment furnished data for this study (F. T. C. motion, 7/27/27) of methods used for computing delivered prices on industrial products and of the actual and potential influence of such methods on competitive markets and price levels. In the cement industry the basing-point method¹⁵ was found to have a tendency to establish unhealthy uniformity of delivered prices and cross-hauling or cross-freighting to be an economic evil (Report of the F. T. C. On Price Bases Inquiry, Basing-Point Formula, and Cement Prices, 218 p., o. p., 3/26/32). Illustrating the use in a heavy commodity industry of both a modified zone-price system and a uniform delivered-price system, the Commission examined price schedules of the more important manufacturers of range boilers, 1932-36, disclosing that the industry operated under a zone-price formula, both before and after adoption of its N. R. A. code (Study of Zone-Price Formula in Range Boiler industry, 5 p., processed, 3/30/36, a summary based on the complete report which was submitted to Congress but not printed).

Price Deflation (President).—To an inquiry (3/21/21) of President Harding, the Commission made prompt reply (undated) presenting its views of the causes of a disproportional decline of agricultural prices compared with consumers' prices (Letter of the F. T. C. to the President of the U. S., 8 p., o. p.).

Profiteering (Senate), Wartime, 1917-18.—Current conditions of profiteering (S. Res. 255, 65th, 6/10/18) as disclosed by various Commission investigations were reported in Profiteering (S. Doc. 248, 65th, 20 p., o. p., 6/29/18).

Quarterly Financial Reports United States Manufacturing Corporations (F. T. C. and S. E. C.).—This (1947-52) series of reports is intended eriC.eririef

retailing and merchant wholesaling, and for different sizes of business in retailing and merchant wholesaling. These estimates are for the year 1950 and each of the four quarters of 1951. They were compiled from financial statements received from individual corporations.

Quarterly Financial Report, Five Manufacturing Industries, 1947-51.—This presents averages of the quarterly income statements and balance sheets for the total operations of representative samples of manufacturing corporations (with average annual sales within a specified range) in specific industries and in a specific geographical region.

Radio (House).—A comprehensive investigation of the radio industry (H. Res. 548, 67th, 3/4/23); Report of the F. T. C. on the Radio Industry, 347 p., o. p., 12/1/23) contributed materially to enactment of the Radio Act of 1927 and the succeeding Federal Communications Act of 1934. The investigation was followed by Commission and Department of Justice proceedings on monopoly charges which culminated in a consent decree (11/2/32; amended, 11/2/35).

Rags, Woolen.—See Textiles.

Raisin Combination.—See Food.

Range Boilers.—See Price Bases.

Rates of Return in Selected Industries (F. T. C.).—A comparison of the prewar (World War II) and postwar rates of return on stockholders' investments after taxes for more than 500 identical manufacturing corporations. The present report, published annually, covers the years 1940 and 1947-51, includes 25 selected manufacturing industries.

Resale Price Maintenance (F. T. C.).—The question whether a manufacturer of standard articles identified by trade-mark or trade practice, should be permitted to fix by contract the price at the

6c () Tj 5.48 0 TD 0j 12.36 0
06p Tj 1.68 heT2 32.04 0 I
rst Tc -1.1 Tj 10.3

the Basing-point System in the Steel Industry, 125 p., o p., 11/30/34).¹⁷ The Commission recommended important code revisions.

Steel Companies, Proposed Merger (Senate).—An inquiry (S. Res. 286, 67th 5/12/22) into a proposed merger of Bethlehem Steel Corp. and Lackawanna Steel Co, and of Midvale Steel & Ordnance Co., Republic Iron & Steel Co., and Inland Steel Co., resulted in a two volume report. Merger of Steel and Iron Companies (S. Doc. 208, 67th, 11 p., O. p., 6/5/22 and 9/7/22).

Steel Costs and Profits.—See Wartime Cost Findings, 1917-18.

Steel Sheet Piling—Collusive Bidding (President).—Steel sheet piling prices on certain Government contracts in New York, North Carolina, and Florida were investigated (inquiry referred to F. T. C. 11/20/35). The F. T. C.

1/20/36 to 1/6/37, 155 p., processed, o. p.; and Textile Industries in the First Half of 1936, Parts I to III, 1/21/37 to 2/11/37, 163 p., processed, o. p.

Textiles—Combed Cotton Yarns.—High prices of combed cotton yarns led to this inquiry (H. Res. 451, 66th, 4/5/20) which disclosed that while for several years profits and prices had advanced, they declined sharply late in 1920 (Report of the F. T. C. on Combed Yarn, 94 p., o. p., 4/14/21).

Textiles—Cotton Growing Corporation.—See Foreign Trade.

Textiles—Cotton Merchandising (Senate).—Investigating abuses in handling consigned cotton (S. Res. 252, 68th, 6/7/24), the Commission made recommendations designed to correct or alleviate existing conditions (Cotton Merchandising Practices, S. Doc. 194, 68th, 38p., o. p., 1/20/25).

Textiles—Cotton Trade (Senate).—Investigation (S. Res. 262, 67th, 3/29/22) involved a decline in cotton prices, 1920-22, as reported in Preliminary Report of the F. T. C. on the Cotton Trade (S. Doc 311, 67th, 28 p., o. P., 2/26/23). After a second inquiry (S. Res. 429, 67th, 1/31/23), the Commission recommended certain reforms in trading practice and particularly in permitting Southern delivery of cotton on New York futures contracts (The Cotton Trade, incl. testimony, S. Doc. 100, 68th, 2 vols., 510 p., o. p., 4/28/24). A subsequent Senate bill (S. 4411, 70th, 5/18/28) provided for Southern warehouse delivery, but before any law was enacted, the New York Cotton Exchange adopted Southern delivery on New York futures contracts (11/16/28 and 2/26/30) in accordance with the Commission's recommendations

Textiles—Woolen Rag Trade (F. T. C.), Wartime, 1917-18.—The Report on the Woolen Rag Trade (90 p., o. p., 6/30/19) contains information gathered during the World War, 1917-18, at the request of the War Industries Board, for its use in regulating the prices of woolen rags employed in the manufacture of clothing.

Tobacco (Senate).—Inquiry (S. Res. 329, 2/9/25) into activities of two well-known companies disclosed that alleged illegal agreements or conspiracies did not appear to exist. (The American Tobacco Co. and the Imperial Tobacco Co., S. Doc. 34, 69th, 129 p., o. p., 12/25/25).

Tobacco Marketing—Leaf (F.T.C.).—Although representative tobacco farmers in 1929 alleged existence of territorial and price agreements among larger manufacturers to control cured leaf tobacco prices, the Commission found no evidence of price agreements and recommended production curtailment and improvement of marketing processes and cooperative relations (Report on Marketing of Leaf Tobacco in the Flue-Cured Districts of the States of North Carolina and Georgia, 54 p., o. p., processed, 5/23/31).

Tobacco Prices (Congress).—Inquiries with respect to a decline of loose-leaf tobacco prices following the 1919 harvest (H. Res. 533, 66th, 6/3/20) and low tobacco prices as compared with high prices of manufactured tobacco products (S. Res. 129, 67th, 8/9/21) resulted in the Commission recommending modification of the 1911 decree (dissolving the old tobacco trust) to prohibit permanently the use of common purchasing agencies by certain companies and to bar their purchasing tobacco under any but their own names (Report of the F. T. C. on the Tobacco Industry, 162 p, o.

Wartime Cost Finding (President), 1917-18.—President Wilson directed the Commission (7/25/17) to find the costs of production of numerous raw materials and manufactured products. The inquiry resulted in approximately 370 wartime cost investigations. At later dates reports on a few of them were published,¹⁹ including: Cost Reports of the F. T. C.—Cooper (26 p., o. p., 6/30/19); Report of the F. T. C. on Wartime Costs and Profits of Southern Pine Lumber Companies (94 p., o. p., 5/1/22); and Report of the F. T. C. of Wartime Profits and Costs of the Steel Industry (138 p., o. p., 2/18/25). The unpublished reports²⁰ cover a wide variety of subjects. On the basis of the costs as found, prices were fixed, or controlled in various degrees, by Government agencies such as the War and Navy Departments, War Industries Board, Price Fixing Committee, Fuel Administration, Food Administration, and Department of Agriculture. The Commission also conducted cost inquiries for the Interior Department., Tariff Commission, Post Office Department, Railroad Administration, and other Government departments or agencies. It is estimated that the inquiries helped to save the country many billions of dollars by checking unjustifiable price advances.

Wartime Costs and Profits (F. T. C.).—Cost

-440 262() Ij 2.64 0 24

H

been rerated had been extended for the purpose of obtaining capital equipment in violation of priorities regulations.

Chromium Processors (W. P. B.), Wartime, 1942-43.—For the War Production Board, the Commission investigated the transactions of the major chromium processors to determine the extent to which they were complying with Amendment No. 2 to W. P. B. General Preference Order No. m-18a, issued 2/4/42. The investigation was conducted concurrently with a survey of nickel processors.

Commercial Cooking and Food and Plate Warming Equipment, Manufacturers of (W. P. B.) Wartime, 1942-43.—The Commission conducted an investigation for the War Production Board to determine whether manufacturers of commercial cooking and plate warming equipment were complying with W. P. B. Limitation Orders L-182 and L-182 as amended 3/2/43; Conservation Orders M-126 and M-9-c, as amended; and Priorities Regulation No. 1.

Contractors, Prime, Forward Buying Practices of (W. P. B.), Wartime, 1942-43.—The matter of procurement, use, and inventory of stocks of critical materials involved in the operation of major plants devoting their efforts to war production was inquired into for the information of the War Production Board. Items such as accounting, inventory, control, purchase, practices, etc., formed a part of the inquiry.

Copper Base Alloy Ingot Makers (W. P. B.), Wartime, 1942-43.—This investigation was designed to ascertain the operations, shipments, and inventories of copper, copper alloys, copper scrap, and copper base alloy ingot makers and was conducted for the purpose of determining the extent to which they were complying with governing W. P. B. Preference and Conservation Orders M-9-a and b, and M-9-c.

Copper, Primary Fabricators of (W. P. B.), Wartime, 1941-42.—A survey and inspection of a specified List of companies which used a large percentage of all refinery copper allocated, and at the same time represented a fair cross-section of the industry, were made to ascertain the degree of compliance accorded to preference, supplementary, and conservation orders and regulations of the Director of Priorities, Office of Production Management (later the War Production Board).

Cost of Living (President).—President Roosevelt, in a published letter (11/16/37), requested the Commission to investigate living costs. The Commission (11/20/37) adopted a resolution undertaking the inquiry and a few months thereafter submitted a report to the President.

Costume Jewelry, Manufacturers of (W. P. B.), Wartime, 1943-44.—Because it appeared that vast quantities of critical metals were being diverted illegally from war use to the manufacture of costume jewelry and similar items, the War Production Board requested the Commission to investigate 45 manufacturers to ascertain the facts concerning their compliance with W. P. B. Orders M-9-a, M-9-b, M-9-c, M-9-c-2, M-43, M-38, M-11, M-11-b, M-126, L-81, L-131, and L-131--a, all as amended.

Electric Lamp Manufacturers (W. P. B.), Wartime, 1942-43.—At the direction of the War Production Board, an investigation was made of the activities of manufacturers of portable electric lamps whose operations were subject to the restrictions imposed by W. P. B. Limitation and Conservation Orders L-33 and m-9-c.

Fertilizer and Related Products (O. P. A.), Wartime, 1942-43.—At the request of O. P. A. (June 1942), the Commission investigated costs, prices, and profits in the fertilizer and related products industries. The inquiry developed information with reference to the operations of 12 phosphate rock mines of 11 companies, and 40 plants of 24 companies producing sulphuric acid, superphosphate, and mixed fertilizer. One of the principal requirements of the inquiry was to

obtain information concerning costs, prices, and profits for 103 separate formulas of popular-selling fertilizers during 1941 and 1942

Food—Biscuits and Crackers (O. P. A.), Wartime, 1942-43.—As requested by the Office of Price Administration, the Commission investigated costs and profits in the biscuit and cracker manufacturing industry and submitted its report to that agency 3/25/43. The survey of 43 plants operated by 25 companies showed, among other things, that costs were lower and profits higher for the larger companies than for the smaller ones.

Food—Bread Baking (O. E. S.), Wartime, 1942-43.—This investigation was requested (10/23/42) by the Director of the Office of Economic Stabilization and was conducted to determine what economies could be made in the bread-baking industry so as to remove the need for a subsidy for wheat, to prevent an increase in bread prices, or to lower the price of bread to consumers. Essential information on more than 600 representative bakeries' practices, costs, prices, and profits was developed and reported to O. E. S. (12/29/42). The report also b79

Insignia Manufacturers (W. P. B.), Wartime, 1944-45.—Preliminary studies made by the War Production Board disclosed the probability that certain insignia manufacturers had acquired larger quantities of foreign silver than necessary to fill legitimate orders and diverted the balance to unauthorized uses. In response to W. P. B.'s request the Commission surveyed the acquisition and use of foreign silver by such manufacturers to determine the degree of their compliance with Order M-199 and checked the receipt and use of both domestic and treasury silver, as well as the manufacture of insignia, as controlled by Orders L-131 and M-9-c.

Jewel Bearings, Consumers of (W. P. B.), Wartime, 1942-43.—For the War Production Board, users of jewel bearings were investigated to determine the extent to which they were complying with W. P. B. Conservation Order M-50, which had been issued to conserve the supply and direct the distribution of jewel bearings and Jewel-bearing material.

Metal-Working Machines, Invoicing and Distribution of (W. P. B.), Wartime, 1942-43.—For the War Production Board an inquiry was made to obtain complete data from the builders of metal-working machines (including those manufactured by their subcontractors) such as all nonportable power-driven machines that shape metal by progressively removing chips or by grinding, boning, or lopping; all nonportable power-driven shears, presses, hammers, bending machines, and other machines for cutting, trimming, bending, forging, pressing and forming metal; and all power-driven measuring and testing machines. Each type and kind of machine was reported on separately.

Nickel Processors (W. P. B.), Wartime, 1942-43.—The Commission was designated by the War Production Board to investigate the transactions of some 600 nickel processors for the purpose of determining the extent to which they were complying with W. P. B. Preference Order No. M-6-a, issued 9/3/41, and Conservation Order M-6-b, issued 1/20/42. The investigation was conducted concurrently with a survey of chromium processors.

Paint, Varnish, and Lacquer Manufacturers (W. P. B.), Wartime, 1943-44.—The purpose of this survey was to determine whether the manufacturers covered were in violation of War Production Board Orders M-139, M-150, M-159, M-246, and M-327 in their acquisition and use of certain chemicals, all subject to W. P. B. allocations, used in the manufacture of paint, varnish, and lacquer. Sales of such products to determine their end uses also were investigated.

Paperboard (O. P. A.), Wartime, 1941-42.—Costs, profits, and other financial data regarding operations of 68 paperboard mills (O. P. A. request, 11/12/41) for use in connection with price stabilization work, were transmitted to O. P. A. in a confidential report (May 1942).

Paper—Newsprint (Attorney General).—The Commission investigated (inquiry referred to F. T. C. 1/24/38) the manner in which certain newsprint manufacturers complied with a consent decree entered against them (11/26/17) by the U. S. District Court, Southern District of New York.

Petroleum Decree (Attorney General).—The Commission investigated (Inquiry referred to F. T. C. 4/16/36) the manner in which a consent decree entered (9/15/30) against Standard Oil Co. of California, Inc., and others, restraining them from monopolistic practices, was being observed, and reported (4/2/37) to the Attorney General.

Priorities (W. P. B.), Wartime, 1941-45.—Pursuant to Executive orders (January 1942), W. P. B. designated the Federal Trade Commission as an agency to conduct investigations of basic industries to determine the extent and degree to which they were complying with W. P. B. orders relative to the allocation of supply and priority of delivery of war materials. MrExecu474 0 TD 0 Tc () Tj 2.4 0 TD 0.0

Solutions, Manufacturers of; Capital Equipment, Chromium, Processors of; Commercial Cooking and Food and Plate Warming Equipment, Manufacturers of; Contractors, Prime, Forward Buying Practices of; Copper Base Alloy, Ingot Makers; Copper, Primary Fabricators of; Costume Jewelry, Manufactures of; Electric Lamps, Manufacturers of; Fruit Growers and Shippers; Furnaces, Hot Air, Household; Fuse Manufacturers; Glycerin, Users of; Insignia Manufacturers; Jewel Bearings, Consumers of; Metal-working Machines, Invoicing and Distribution of; Nickel, Processors of; Paint, Varnish, and Lacquer, Manufacturers of; Quinine, Manufacturers and Wholesalers of.; Silverware, Manufacturers of; Silverware Manufacturers and Silver Suppliers; ~~Manufacturers~~ 263 Tc (Primary) Tj 35.4 TD 0.0098 Tc 5 Tj 3.48 tton 0.00983 Tc (Copper,) Tj 35.28 TD 0.0

War Materials Contracts (House), Wartime, 1941-42.—At the request of the House Committee on Naval Affairs, the Commission assigned economic and legal examiners to assist in the Committee's inquiry into progress of the national defense program (H. Res. 162, 77th, 4/2/41). The Commission's examiners were active in field investigations covering aircraft manufacturers' cost records and operation, naval air station construction, materials purchased for use on Government contracts, and industry expansion financing programs.

Wartime Inquiries, 1941- 45.—To aid in the 1941-45 war program, F. T. C. was called upon by other Government departments, particularly the war agencies, to use its investigative, legal, accounting, statistical and other services in conducting investigations. It made cost, price, and profit studies; compiled industrial corporation financial data; investigated compliance by basic industries with W. P. B. priority orders; and studied methods and costs of distributing important commodities. The 1941-45 wartime investigations are herein listed under the headings: Advertising as a Factor in Distribution; Cigarette Shortage; Distribution Methods and Costs; Fertilizer and Related Products; Food—Biscuits and Crackers; Food—Bread Baking; Food—Fish; Food—Flour Milling; Household Furniture; Industrial Financial Reports; Metal-Working Machines; Paperboard; Priorities; Steel Costs and Profits; and War Material Contracts.