

Annual
Report
of the **FEDERAL
TRADE
COMMISSION**

For the Fiscal Year Ended
June 30, 1967

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Letter of Transmittal

FEDERAL TRADE COMMISSION,
Washington, D.C.

To the Congress of the United States:

It is a pleasure to transmit herewith the Fifty-third Annual Report of the Federal Trade Commission, covering its accomplishments during the fiscal year ended June 30, 1967.

By direction of the Commission.

PAUL RAND DIXON,
Chairman.

THE PRESIDENT OF THE SENATE.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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INTRODUCTION

To summarize the achievements of an agency whose work covers so wide a scope as the Federal Trade Commission's is like trying to summarize the numbers in a telephone book. A summary can hardly do justice to each fact. Nevertheless, fiscal 1967, stands out from FTC's 52 previous years in the greater emphasis placed on actively guiding businessmen into legal channels as a supplement to formal casework. To an unprecedented degree, the Commission and its staff undertook to clarify requirements of the trade laws, to encourage voluntary compliance with them, and to alert consumers--particularly the poor, the sick and the elderly--on how to avoid being deceived in their purchases.

With an appropriation of but \$14,403,000, it was patently impossible to police the Nation's \$775 billion economy by bringing a few hundred adversary actions against violators of the law. To have attempted it would have been as futile as for police to depend solely on sirens and the passing out of tickets to achieve safety on the highways. Instead, common sense dictated that if trade laws were to be obeyed, only the willingness (and self interest) of reputable businessmen to comply with them would achieve a fair and orderly marketplace. Therefore, the principal mission of the Federal Trade Commission was to clarify the laws' requirements and to encourage by every means voluntary compliance with the laws, while husbanding its resources to cope with the defiant. At the same time, it sought to identify and analyze problems--particularly in the area of monopoly and other trade restraints that threaten the vitality of our free enterprise system. To this end, the Commission's economic reports spotlighted economic problems warranting remedial action by the Commission, as well as providing Congress with the factual information needed for proper consideration of legislation.

The year also saw the Commission's staff giving much more attention to the planning of corrective action and screening of casework.

This effort was aimed at remedying the haphazard character of the caseload that came to the Commission "over the transom." Indeed, simply trying to keep abreast of miscellany has long plagued FTC's effectiveness. In years past, its resources too often were expended in a desperate but patternless effort to keep from being inundated by applications for complaint. Thus, confronted by an ever greater volume of such applications and aware that overloading results in delay that would deny justice, the Commission undertook closer screening of cases, both new and old, to give priority to the most significant. At the same time, more attention was given to planning work so that particular illegalities could be attacked on a broad enough scale to be effective. This planning included close liaison with other Government agencies concerned with the same problems.

Another Commission action calculated to reduce the number of individual actions was to provide more guidance to businessmen by making public, whenever appropriate, the essence of advisory opinions which previously were offered only to the parties requesting them. Whenever such opinions contained interpretations of the trade laws that would provide guidance for other businessmen confronted with the same or similar problems, news releases containing digests of the opinions were issued. These were widely used, particularly by the trade press, and spared the Commission much time and effort in answering largely repetitious inquiries.

Also in line with the policy of substituting guidance for time consuming individual actions was intensification of a public

abled the Commission to escape enmeshment in mere volume of work. It therefore could strike with greater

disclose that skin irritation may result from handling its products.

While the Commission's guidance efforts, ranging from consumer education to trade regulation rules, went far toward coping with the volume of its law enforcement responsibilities, guidance had to be backed up with adversary proceedings against the indifferent and the defiant. Although it could be correctly assumed that most businessmen would abide by the law if they knew its exact requirements, it was equally true that others regarded the offer of guidance as no more than extension of time within which to gain illegal advantages over competitors and mulct consumers. For such as these the Commission was ready to do battle.

For example, in attacking deceptive business practices, FTC initiated 666 cases during fiscal 1967, approved for negotiation or reopened 109 formal complaints, issued 68 consent orders and completed action on 32 litigated cases. It also concluded 141 cases by accepting assurances of voluntary compliance.

In tackling trade restraints, as distinct from deceptive practices, the Commission during the year initiated 352 formal investigations, while completing 321. It issued 24 antimonopoly complaints and 30 orders to cease and desist, of which 20 were consent orders. At the fiscal year's end, 725 formal investigations were in progress.

In addition, the Commission issued 89 cease and desist orders against violators of the Textiles, Furs and Flammable Fabrics Acts.

In countering deceptive practices, the Commission's workload continued to mount. Last year complaints from the public and competitors increased by 45 percent over 1965, and in fiscal 1967 they increased another 10 percent. Formal investigations jumped from 1,087 last year to 1,210.

Priority in selecting these cases was given to deception in the sale of basic necessities of life and to false advertising of products and services needed by those least able to afford shabby value for their money.

Attacked with vigor were such areas of deceptions as: False advertising of household furnishings, bait-and-switch practices in promotion of meats for home freezers, false claims for the profitability of schemes for extra income (aimed principally at the elderly), phoney correspondence schools, and fictitious bargain sales. Guides relating to retail credit transactions also were being developed, so

that consumers might have a clearer idea of credit costs and total prices to be paid.

By making it possible to dispose of many antimonopoly cases upon the proposed respondent's submitting firm assurances that the challenged practice had been discontinued and will not be resumed, more time and effort could be devoted to halting the defiant. Also, the lifting of this litigation load gave the staff more opportunity to dig into and assess competitive business situations that could be alleviated by industrywide action.

For example, the thorough spadework done in prosecuting four cases involving anticompetitive vertical mergers between cement and concrete companies provided the Commission with enough factual background to issue an enforcement merger policy statement that served to slow down the merger trend that was developing in the industry. A similar statement followed intensive investigation of the food distribution industry.

In addition to the investigation and litigation of individual cases, the Commission's staff combatting general trade restraints engaged in several industrywide investigations including the auto body sheet metal parts and the aftermarket auto parts industry, the newspaper industry, food industry, and TV advertising.

Antimonopoly work by FTC's field staff resulted in more than 300 completed investigations. These involved such diverse evils as: Discrimination and below-cost pricing of bread and milk; reciprocity arrangements between suppliers and customers in various industries; illegal brokerage payments in the marketing of fresh vegetables and citrus fruit; illegal rebates in the rug and carpet industry; and arrangements between major tire manufacturers and bus companies whereby tires used on buses are leased so as to tie a bus company to one source of tire supply.

Principal cases in FTC's antimonopoly work during the fiscal year are discussed in chapter IV of this report.

The Commission's continuing effort to halt corporate mergers which violate the Celler-Kefauver Anti-Merger Act saw 76 informal cases initiated and 48 disposed of during the fiscal year, plus 11 formal complaints issued and the same number concluded by consent orders. However, the most significant event in the antimerger field was the Supreme Court's landmark decision upholding FTC's finding that Proctor & Gamble Co. the Nation's leading manufacturer of soaps and detergents had illegally acquired Clorox Chemical Co., the leading maker of household liquid bleach. In so ruling,

the high court affirmed the Commission's new and larger view of antitrust law in its approach to the difficult and increasing threat of conglomerate mergers looking to "product extension."

Other of the more important court decisions and status of court cases during fiscal 1967 are outlined in appendix A of this report.

In addition to its handling of court cases, the General Counsel's office supervises the negotiation of consent orders by which the great majority of formal enforcement proceedings are concluded. A total of 173 (up from 124 in 1966) executed agreements containing consent orders was forwarded to the Commission for consideration during the year. It should be noted here that the average cost of cases which terminate in a negotiated consent order is one-tenth that of cases which have to be litigated, omitting expense of possible court appeals.

Marked progress also was achieved by the General Counsel's office in carrying out FTC's program for Federal-State cooperation. Here the purpose was to correct unfair methods of competition or deceptive acts or practices which occur at the State level. State officials referred 436 interstate commerce complaints to the FTC, while the Commission staff referred to State officials 99 local commerce complaints. In addition, the FTC assisted State officials in drafting legislation to halt improper business practices which occur intrastate.

The fiscal year found the Commission engaged in making extensive inspections of the textile and fur industries in carrying out its obligations under the Wool Products Labeling Act, the Textile Fiber Products Identification Act, the Fur Products Labeling Act and the Flammable Fabrics Act. A total of 12,670 inspections were made, and 2,392 corrections were achieved by means of

was noted--due primarily to the effectiveness of the Commission's education and cooperative activities.

Not unexpectedly, the bulk of cases involved violations of the Textile Act. Such cases accounted

To take proper corrective action, it is imperative that both Congress and the Commission have information that will permit early exploration of the basic causes of poor economic performance. For example, during the year, the Division of Industry Analysis completed another report related to its continuing research into corporate mergers and industrial concentration. This was presented as testimony before the Senate Small Business Committee. In addition on a report on casual factors relating to changes in milk and bread prices was prepared at the request of the Secretary of Agriculture. At the fiscal year's end a report was issued on anticompetitive practices in the marketing of gasoline. In this report, the Commission, in addition to focusing on anticompetitive practices, spelled out guidelines and enforcement policy designed to prevent such practices.

Perhaps the most significant of such reports was background material provided the Commission in its enforcement policy statements concerning vertical mergers in the cement industry and mergers in the food distribution industries. The purpose of these statements is to reduce business uncertainty concerning FTC's enforcement intentions concerning mergers in these industries. Such guidance is designed to forestall as much litigation as possible. Also, gg

Special assistance also was provided other FTC bureaus in planning their programs or in the development of specific projects. For example, a background report was made on the role of product standards in the marketing of softwood lumber, and work went forward on economic facts needed for an enforcement program involving tire pricing and advertising. Also, a report was prepared for the Bureau of Deceptive Practices on competitive interrelationships of various finished tobacco concerning eT4 0 wotherro TwCommiTj 38.ppe

criminatory and deceptive practices, and other unfair methods of competition. About 60 percent of this effort was spent on antimerger cases during the fiscal year; however, economists working with the Division of Economic Evidence participated in 107 investigations of all kinds, as well as in consent negotiations, litigated cases, and compliance matters. They also contributed to nine general economic investigations.

While an assessment of FTC's accomplishments in fiscal 1967 necessarily is based on its service to business, to the public and to Congress, it should be pointed out that such service is not the unique contribution of the skilled professionals, legal, scientific and administrative. Important, too, to the Commission's effectiveness were secretaries, typists, clerks, telephone girls, and even the messengers who waited patiently for opportunities to make their contribution.

THE INDUSTRY GUIDANCE PROGRAM

In line with the Commission's efforts to encourage businessmen to bring their practices into compliance with the trade laws voluntarily, FTC's Bureau of Industry Guidance offers a balanced and coordinated program of guidance. It is designed to fit whatever need is most appropriate to solution of the problem-trade practice rules for entire industries, guides covering particular problems common to many industries, trade regulation rules clearly defining the Commission's interpretation of the statutes as they apply to particular trade practices, and advisory opinions concerning proposed actions by individual businessmen or organized groups. The Bureau also undertakes to achieve compliance with its guidance program.

Industry Guides

During the year, revisions were made in the guides for advertising allowances and other merchandising payments and services to make them conform to more recent court decisions and Commission opinions and to bring to the attention of businessmen the availability of advice and guidance on both current and proposed courses of action involving practices covered by the guides. Specifically, the revisions make it clear that the good faith meeting competition defense is available to a section 2(d) of the Clayton Act charge as well as to a section 2(e) charge and that businessmen participating in tripartite promotional assistance plans devised by others are not thereby insulated from the requirements of section 2 of the Act.

A public hearing was held at which all segments of the toy industry, as well as the consuming public, were afforded opportunity to be heard concerning the practices of toy catalog publishing firms and the effects of these practices on competition among toy jobbers. The Commission then issued a statement clarifying certain legal responsibilities of members of the toy and toy catalog industries. The statement discusses legal requirements for paying or receiving allow-

ances to promote and advertise toy products in toy catalogs of independent publishers as well as those owned or controlled by toy jobbers.

A public statement was issued by the Commission requesting data, views, comments and Commissioncatalogsac 0.018j 28.8e

Proposed guides for the greeting card industry, ladies' handbag manufacturing industry and the toy manufacturing industry were being drafted for submission to the Commission.

In January 1967 letters were sent to over 450 members of the cosmetic and toilet preparations industry requesting information concerning their compliance with the revised industry rules. Similar letters also were sent to firms subject to the guides for advertising and labeling of adhesive compdtstions. Many of the submittals are voluminous and require extensive review and analysis before needed corrections can be pointed out to industry members.

In March 1967, letters were sent to members of the vacuum cleaner manufacturing industry enclosing a standard for measuring the motor horsepower output of canister and tank type household vacuum cleaners.

Staff work continued under the compliance surveys previously instiated with regard to the guides against debt collection deception and the guides for shoe content labeling and advertising.

Three hundred and sixty rule and guide compliance matters were dispdted of on the basis of assurances that the practices in question had been discontinued. During the year, 542 compliance matters were dispdted of with 471 matters still pending.

Four hundred and ninety-five interpretations of rules and guides were given to businessmen seeking advice concerning the application of particular provisions to their business practices.

Trade Regulation Rules

During the fiscal year the Division of Trade Regulation Rules was actively engaged in 10 rulemaking proceedings. Of major interest is that involving the men's and boys' tailored clothing industry which consists of approximately 635 manufacturers doing about \$2 billion in net value of shipments annually. The practice under consideration relates to the widespread paying or granting of promotional allowances or services in violation of sections 2(d) and (e) of the amended Clayton Act. The public hearing was held, and at the year's end a recommended final rule was pending with the Commission.

Another rulemaking effort concerned the glass fiber curtain and drapery and fabric industry and the industrywide practice of failing to disclose that skin irritation may result from the washing and

handling of such products. The 1,100 manufacturers of these products produced about 6 million sets of curtains and 15 million pairs of draperies valued at roughly \$60 million. A public hearing in this matter was held and at the end of fiscal year a final trade regulation rule was pending with the Commission.

Also during the year a rulemaking proceeding relating to the advertising of nonprescription systemic analgesic drugs was initiated. The Commission approved a notice of rulemaking which included a proposed rule. This rule, if promulgated, would directly affect the advertising practices of this giant industry since it would prohibit any proposed included

jurisdiction were in complete compliance with the rule. Also, by the year's end a survey relating to the household electric sewing machine rule which prohibited use of the term "automatic" was completed and showed unanimous compliance with the terms of the rule.

Among work on special assignments performed by the Division was a project relating to automobile advertising as it concerned speed and safety. During the year letters were written to all automobile manufacturers informing them that the Commission was concerned with automobile advertising which tended to encourage reckless and unsafe driving. At the end of the year the Division was carefully scrutinizing all automobile advertising with the view of isolating that which may be illegal.

Advisory Opinions

The primary function of the Division of Advisory Opinions is to prepare for the Commission's consideration proposed advisory opinions in response to requests which are received from individuals, partnerships and corporations as to the legality of proposed courses of action. These opinions, when finally rendered by the Commission, are binding upon the agency subject only to the right to rescind should subsequent developments indicate a necessity for so doing.

While the number of requests received remained at approximately the same level as the previous year of 1965-66, the number of matters submitted to the Commission nearly doubled during fiscal 1967. One hundred thirty-one of these matters were sent to the Commission, compared with 68 last year. Eighty-three advisory opinions were issued by the

as rendered by the Commission (the) 66,

T

level opinions reach only the requester whereas Commission opinions are generally published for the guidance of all. Staff level opinions do not bear the imprimatur of the Commission and are not binding upon it.

Third, more care was taken to avoid losing valid requests that might otherwise have received different treatment. For example, impersonal letters from this Division requesting more information might have gone unanswered, whereas personal contact with the requesting party by telephone has served to assist several uncertain applicants more clearly to formulate their questions and compile the information needed to render informed decisions.

Thus, it is apparent that the Commission (personnel) has been able to assist applicants in a manner that is more effective than the staff level opinions.

COMBATING DECEPTION OF THE CONSUMER

The Commission's program for the prevention of unfair methods of competition and unfair and deceptive acts and practices is one which directly affects every citizen of this country. It affords protection to the consumer and the honest businessman alike. A deceptive advertisement not only victimizes the misled consumer, but unfairly diverts trade from reputable sellers.

In this effort the Bureau of Deceptive Practices acts in behalf of a multitude of individuals who might be misled by a deceptive advertisement, no one of whom could be expected to proceed legally to seek redress of the wrong. Commission action has the effect of stopping the practice from being committed thereby protecting the public generally, but the FTC cannot secure a refund of a purchase price or damages suffered by an individual.

Acting in the knowledge that the great majority of businessmen are fundamentally honest and ask only that the rules of fair practice be spelled out and applied equitably, the Commission is steadily bringing necessary actions and issuing guidelines defining the road for industry to follow.

During the year, for example, a number of complaints were issued directed to deceptive pricing advertisements offering nonexistent bargains in connection with the sale of such products as household furnishings and unfair bait-and-switch practices in promotion of meats for home freezers.

In selecting such matters for attention, a high priority is accorded those matters which relate to the basic necessities of life, and to situations in which the impact of false and misleading advertising, or other unfair and deceptive practices, falls with cruelest impact upon those least able to survive the consequences—the elderly and the poor.

Consistent with this concept, the Bureau has been working on more than 50 matters in the home improvement industry involving allega-

tions such as false savings claims, bait-and-switch tactics, misrepresentation of quality of materials, referral selling, and others.

Another area requiring substantial attention is the appeal to the ambitious who desire to

surveillance under the FTC Act to assure, freedom from unfair and deceptive practices, including statements of tar and nicotine content. As a part of this program, FTC has established a cigarette-testing laboratory from which can be obtained reliable data respecting tar and nicotine yields of the many brands on the market.

In anticipation of its increased responsibilities beginning July 1, 1967, under the Fair Packaging and Labeling Act, some pilot studies were conducted during the year. As one result, 10 orders to cease and desist were issued, prohibiting slack filling.

After the Commission issues orders in deceptive practice cases, the Bureau maintains a continuing surveillance to make certain of compliance by respondents. Each violation of an order is punishable by a fine of \$5,000. There were seven such penalty actions prosecuted in the courts during the year.

The workload of the Bureau of Deceptive Practices is steadily increasing year after year. In fiscal year 1966 complaints from the

public and competitors increased 45 percent over 1965; this year they increased again by more than 10 percent.

THE FIGHT FOR FAIR BUSINESS COMPETITION

In the a

Formal cases:

Complaints issued	7
Contested orders	7
Consent orders	7
Dismissed	1
Cases pending litigation June 30, 1967	8

A significant achievement was the settlement of 50 informal cases involving violations of sections 2 (a), (c), (d) and (e) of the Clayton Act, as amended, pursuant to the informal enforcement procedure as provided for in General Procedures, Subpart C, Section 1.21 of the Commission's Rules of Practice. The Commission approved use of this procedure in disposing of these cases upon the proposed respondent's submitting firm assurances that the practice had been discontinued and will not be resumed in the future.

A review of major cases decided or pending during fiscal 1967 follows:

Consent cease and desist orders were issued in the following cases: In Beatrice Foods Co., Inc. (C. 1090) the order prohibits discriminatory payment of promotional allowances between competing purchasers of Chinese foods in violation of section 2(d) of the Act. In Peter Pan Foundations, Inc. (C. 1178) the order prohibits discriminatory payment of promotional allowances and discriminatory services in violation of sections 2 (d) and (e) of the Act. In Griffitt Manufacturing Co., Inc. (C. 1196) the order prohibits discriminatory payment of promotional allowances between competing purchasers of Chinese foods in violation of section 2(d) of the Act.

receiving discriminatory services from suppliers in violation of section 5 of the Federal Trade Commission Act.

In contested cases, the Commission issued cease and desist orders in the following: In National Dairy Products Corp. (D. 7018) the order prohibits the company from discriminating in price and promotional payments between purchasers of fluid milk and dairy products, in violation of sections 2 (a) and (d) of the Act. In National Dairy Products Corp., The Kraft Division (D. 8548) the order prohibits territorial price discrimination in the

troleum gas, is charged with inducing and receiving discriminatory pricing in the purchase of this product in violation of section 2(f) of the Act. In *Connell Rice & Sugar Co., Inc., et al.* (D. 8736) the complaint charges violation of sections 2 (a), (c) and (f) of the Clayton Act, as amended, and section

appliances, radiant heating equipment and wiring devices for use in homes. The order prohibits discriminatory and exclusory practices.

In contested cases, final orders were issued by the Commission in fiscal 1967 in two cases. Both are examples of unique applications of section 5 of the Federal Trade Commission Act. The first of these was the Community Blood Bank case (D. 8519). In that case the complaint charged the Community Blood Bank of the Kansas City Area, Inc., the Kansas City Area Hospital Association, hospital members of KCAHA, and hospital pathologists had illegally combined to restrain interstate commerce in human whole blood. The immediate effect of the combination was a restriction upon two Kansas City commercial blood banks licensed by the National Institute of Health, Department of Health, Education and Welfare.

The second unique application of section 5 of the Federal Trade Commission Act was in the contested case, Henderson Tobacco Market Board of Trade, Inc. (D. 8684). There the Commission charged that the Henderson Tobacco Market Board of Trade, Inc. and certain of its warehouse members were restricting competition in the buying and selling of leaf tobacco in the Henderson, N.C., market. The Commission adopted an order agreed upon by complaint counsel and appealing respondents prohibiting such practices.

In Lenox, Inc. (D. 8718), in which an initial decision was recently issued, the examiner found that Lenox had adopted and used nationally a policy of establishing resale prices for its products; that "there was an understanding and implied agreement" between Lenox and its dealers that they would maintain these retail prices; and that Lenox had "failed to show that such agreements were lawful in all the States of the United States."

In National Association of Women's and Children's Apparel Salesmen, Inc. (NAWCAS) (D. 8691), the Commission alleged that the association had foreclosed competition at trade shows by means of boycott agreements. Respondents denied all charges and adversary hearings were begun.

Two contested cases initiated in the fiscal year are: Golden Grain Macaroni (D. 8737) and Curtiss-Wright Corp. (D. 8703). In the first, the Commission charged respondents with price-fixing and all attempt to monopolize the marketing of macaroni and related paste products and territorial price discrimination in the Pacific Northwest area of the United States and the State of Hawaii. In the second case,

issued pursuant to actions initiated under section 7 of the Clayton Act, as amended.

A total of 402 compliance actions was completed, involving complaints of violations of orders, public inquiries, requests for advisory opinions (pertaining to compliance matters, as provided for by the Commissions R.Tj 36.7A0 dD 0 Tç ()Tj T.8omTijssf40. 8D.70.0429 .Tc.(for).Tj 1

WOOL, FUR, TEXTILE, AND FLAMMABLE FABRICS ACTS ENFORCEMENT

During fiscal year 1967 the Bureau of Textiles and Furs used its facilities to educate the textile and fur industries on their obligations under the Wool Products Labeling Act, the Textile Fiber Products Identification Act, the Flammable Fabrics Act and the Fur Products Labeling Act. Inspection of mills, manufacturers, wholesalers and retailers was carried out by the Division of Regulation and cooperation was extended to all segments of the industries to assist them in getting their labeling, invoicing and advertising into compliance with the Acts. In the relatively few cases where cooperation was unsuccessful the matters were referred to the Division of Enforcement for formal action.

The number of inspections made by the Division of Regulation of manufacturing, wholesaling and retailing establishments totaled 12,670 as compared with 12,625 in the previous year. Informal assurances of discontinuance obtained by the Division of Regulation totaled 2,392 in fiscal 1965 as compared to 2,614 in 1966.

The Division's inspection program was also expanded towards counseling those retailers who deal most closely with the poor people who are involved in the "Poverty Program" and we believe a successful effort was made in that direction.

Incoming and outgoing pieces of correspondence remained fairly constant in fiscal year 1967 reflecting continuing emphasis on administrative correction of labeling, invoicing and advertising deficiencies. The lower percentage of deficiencies recorded in relation to the products inspected is due primarily to the effectiveness of the education and cooperative activities of the Division of Regulation.

A total of 1,310 confidential registered identification numbers was issued to members of the trade for use in lieu of their name and 3,208 continuing guaranties were added to the public file of guaranties under the four acts.

Several applications were presented during the past year for new generic names for man-made fibers. These applications are presently being studied.

The Fur Products Name Guide was amended changing "Japanese Mink" to "Japanese Weasel" and "China Mink" to "China Weasel". Rules 6 and 14 under the Flammable Fabrics Act were amended and a new Rule 36 was proposed as an addition to the rules and regulations promulgated under the Wool Products Labeling Act.

By far the most important Commission action taken in this regard was the hearing and later the consideration of the proposed Rule 36. This rule, if finally adopted, will have great bearing on the activities of many importers of finished wool products as well as domestic manufacturers who use imported fabrics. It is designed as an effective means by which the Commission may afford consumers the same degree of protection against the misbranding of imported wool products as is now afforded as to domestic products. A special section is being set up in the Division of Regulation to handle this matter.

During the year, the Division of Enforcement had an active docket of 383 formal cases. Two hundred and nine were on the docket at the start of the fiscal year and 174 new investigations were initiated.

Eighty-nine recommendations for complaint were forwarded to the Commission, and the same number of cease and desist orders were issued. One hundred and seven cases were recommended for closing during the year and 106 were closed.

Of considerable interest is the distribution of cases as to the four acts administered by the Bureau. The following table shows the distribution (actual number and percent of total under each act) of cases in 1962 as compared with each year following:

goods to manufacture garments. Over 100 of these clothing manufacturers were then inspected and some 15 were found to be upgrading the material. Formal investigations were opened against these firms.

Two cases involving imported mohair sweaters were tried and await the decision of the Commission. R. H. Macy & Co., Inc. (D. 8650) and Sportempos, Inc. (D. 8683).

Continued surveillance of furriers in this country at

average of over seven difficult tests each working day of the year. These tests by acts are as follows:

Wool	368
Fur	108
Textile	202
Flammable fabrics	760
Total	<u>1,438</u>

In addition the laboratory personnel has worked closely with laboratory personnel in the Bureau of Standards and in private industry to develop new testing procedure and to perfect procedures presently in use.

During the year, 111 cases were added to the calendar of the compliance section of the Division of Enforcement. Of these, 88 new orders were assigned for procurement of satisfactory compliance reports and 23 matters were reopened for compliance investigation and processing. In a total assignment of 216 cases, 99 were completed.

PICTURE - SEE IMAGE

The FTC maintains a laboratory to test textiles, furs, wool and the flammability of products. This is a view of part of the laboratory. The employee is about to light a piece of material to test its flammability.

Continued emphasis has been placed on counseling respondents. Chainstore operators have been encouraged to submit for review and comment drafts of instructions to store and department managers regarding compliance with orders. Respondents who use promotional catalogs, found particularly in the growing number of cases brought under the Textile Act, with

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of the Justice Department to refer such matters to the local U.S. attorneys who, in turn, accept the services of the General Counsel for actual handling of the cases.

In fiscal 1967, the General Counsel, through the Division of Appeals, handled 88 cases. Litigation was completed in 32 of these, of which 25 were restraint of trade matters; three involved

third of the range otherwise made possible by the Commission's total budget.

The General Counsel's Division of Export Trade supervises administration of the Webb-Pomerene [Export Trade] Act (15 U.S.C. .§ 61-65) for the Commission, performs necessary investigative functions in connection with the Commission's general authority under section 6(h) of the Federal Trade Commission Act to inquire into foreign trade conditions, coordinates the Commission's jurisdiction over foreign commerce, advises other offices of the Commission on the problems of American business abroad in the field of restrictive business practices andT

THE ROLE OF ECONOMIC STUDIES AND EVIDENCE

The functions of the Bureau of Economics are to investigate and analyze economic phenomena, particularly the structure, conduct, and performance of industrial corporations, and to provide economic assistance and analyses needed for the litigation of cases. But it is

progress was also made toward the completion of a report on Webb-Pomerene association activity. In addition, a report on causal factors relating to changes in milk and bread prices was prepared at the request of the Secretary of Agriculture. The Commission's Report on

wealth come about through internal growth which involves adding to productive capacity.

Figure 1

MANUFACTURING AND MINING FIRMS ACQUIRED, 1940-1966

GRAPH-SEE IMAGE

*Firms with assets of \$10 million or more.

Source: Bureau of Economics, Federal Trade Commission.

These comparisons reveal that the 509 acquired companies with assets between \$10 million and \$25 million were equal to 46.6 percent of the total number and 44.4 percent of the total assets of all companies of this size operating in 1966. At the other extreme, only five companies with assets of over \$250 million were acquired, and these represented only 2.3 percent of the companies and 1.0 percent of the assets of all companies of this size in 1966.

In short, merger activity took a heavy toll among companies with assets in excess of \$10 million, particularly those with assets between \$10 million and \$100 million. Had these companies not been acquired, and had they continued in business, there would have been

TABLE 1—Acquisitions of manufacturing and mining firms with assets of \$10 million or more, 1948-1966
[Dollars in millions]

Year of acquisition	Number of firms acquired	Assets ¹	Average assets
1948	4	\$65	\$16
1949	5	67	13
1950	4	173	43
1951	9	201	22
1952	13	327	25
1953	23	679	30
1954	35	1,420	41
1955	67	2,115	32
1956	58	2,036	35
1957	49	1,459	30
1958	39	1,118	29
1959	64	1,958	31
1960	62	1,708	28
1961	59	2,129	36
1962	72	2,192	30
1963	68	2,917	43
1964	90	2,784	31
1965	93	3,910	42
1966 ²	98	4,006	41
Total	912	\$31,264	\$34

¹ Or consideration paid.

² Preliminary. Data for all other years represent latest revisions.

Source: Bureau of Economics, Federal Trade Commission.

at least one-third more companies with assets of \$10 million or more operating in 1966.

1. Acquisitions of 200 Largest Corporations.—Between 1948 and 1965 the 200 largest manufacturing corporations of 1965 made at least 2,692 acquisitions with combined assets of \$21.5 billion. This represents an enormous volume of resources. It is greater than the

TABLE 2.--Number of acquisitions and manufacturing assets acquired during 1948-1966 compared with total manufacturing, 1966

A. NUMBER

Size class of acquired firms (millions)	Number of manufacturing companies acquired 1948- 1966 ¹	Total number of manufacturerers, 1966 ²	Number of acquisitions as percent of total number of manufacturers, 1966 ²
\$10-\$25	509	1,093	46.6
\$25-\$50	196	485	40.4
\$50-\$100	97	284	34.2
\$100-\$250	36	242	14.9
Over \$250	5	216	2.3
Total	843	2,320	36.3

B. ASSETS

Size class of acquired firms (millions)	Number of manufacturing assets acquired 1948-1966 (millions) ¹	Total number of manufacturing assets (billions) 1966 ²	Acquired assets as percent of total assets
\$10-\$25	\$7,744	\$17,428	44.4
\$25-\$50	6,765	17,455	38.8
\$50-\$100	6,610	20,602	32.1
\$100-\$250	4,932	38,450	12.8
Over \$250	2,121	213,375	1.0
Total	\$28,172	\$307,310	9.2

¹ All mining acquisitions have been excluded from these data.

² First quarter.

Source: Bureau of Economics, Federal Trade Commission.

combined assets held by the 150 corporations ranking 51st to 200th in 1948. Put another way, between 1948 and 1965, these 200 concerns absorbed assets one-fourth as great as those held by all other manufacturing corporations in 1948.

All size groups made a substantial volume of acquisitions. Firms ranking among the top five companies in 1965 made the greatest volume of acquisitions measured in terms of acquired assets (about \$180 million each). But since these companies were so much larger than the others to begin with, acquisitions were relatively less important to their growth. Acquisitions were equal

Table 3--Acquisitions made between 1948 and 1965 by 200 largest manufacturing corporations of 1965

Size of acquiring corporation ¹	Assets of Group		Asset Growth 1948-1965 (millions)	Number of Acquisitions	Total assets acquired ² (millions)	Acquired assets as percent of:		
	1948 (millions)	1965 (millions)				1948 assets	1965 assets	Asset growth 1948-1965
5 largest	\$11,445	\$42,825	\$31,380	62	\$897	7.8	2.1	2.9
6 to 10	5,128	22,634	17,506	41	838	16.3	3.7	4.8
11 to 20	7,847	24,540	16,694	80	805	10.3	3.3	4.8
21 to 50	10,920	39,177	28,256	419	4,930	45.1	12.6	17.4
51 to 100	10,399	37,804	27,405	867	6,810	65.5	18.0	24.9
101 to 150	5,876	21,755	15,879	740	4,210	71.6	19.4	26.5
151 to 200	3,459	14,859	11,399	483	3,008	87.0	20.2	26.4
Total 200	\$55,074	\$203,594	\$148,519	2,692	\$21,498	39.0	10.6	14.5

¹Companies ranked by total assets in 1965.

²These figures include all acquisitions (including partial acquisitions) made by the acquiring company during the period 1948-1965, and are not limited to acquisitions of mining and manufacturing companies. In instances where asset data were unavailable, asset estimates or consideration paid has been used. Asset information was available for 1,789 of these acquisitions

Source: Bureau of Economics, Federal Trade Commission.

Figure 2

SHARE OF VALUE ADDED BY MANUFACTURE
ACCOUNTED FOR BY 200 LARGEST MANUFACTURING
COMPANIES, 1947-1963

GRAPH - SEE IMAGE

SOURCE: Bureau of the Census

Figure 2. See Job 70-989, Economic Concentration, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, 89th Congress, 2d Session, September 12, 13, 19, and 20, 1966. Part 5, "Concentration and Divisional Reporting," p. 1890.

than was held by the 200 largest in 1947, and the 50

Market concentration is directly related to the matter of competition and monopoly. It shows where an industry is located in the broad spectrum between competition and monopoly. Economic theory suggests and industrial experience indicates that the level of industry concentration is a strategic conditioning influence on performance. Although not alone in this role, it is usually isolated as the single most important structural variable since values of other structural variables often move in tandem with it. A key example of this is that high levels where

Figure 3

Distribution of Manufacturing Industries
by 4-Firm Concentration-Ratio Quartiles, 1963

Number Of Industries* Concentration Quartile Value Of Shipments*

GRAPHS-SEE IMAGE

*There were 415 4-digit manufacturing industries, excluding newspapers and periodicals, in 1963 with a total value of shipments of 358 billion. Included within the group were 18 local-market industries with value of shipments of \$38 billion and 15 "not elsewhere classified" industries of major 2-digit groups with value of shipments of \$8 billion.

**This quartile includes one "not elsewhere classified" industry with value of shipments of \$71 million.

***This quartile includes 3 local-market industries with value of shipments of \$3.6 billion and 3 "not elsewhere classified" industries with value of shipments of a half a billion.

****Twenty five industries having 4-firm concentration ratios of less than 25 percent were either local-market industries or "not elsewhere classified" industries. Their value of shipments of \$42 billion made up 32 percent of the quartile total shipments. Of the 25 industries, 14 were local-market industries having \$34 billion in shipments and 11 were "not elsewhere classified" industries with \$8 billion in shipments.

Source: Bureau of Economics, Federal Trade Commission, based on Concentration Ratios in Manufacturing Industry 1963, Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate.Senate.

enced increases in concentration of 3 percentage points or more in this period compared to 49 which experienced decreases.

High concentration is more characteristic of consumer goods industries than producer goods industries. Excluding local market and NEC industries, 37 percent of the value of production of con-

TABLE 5.-Distribution of 213 comparable industries by change in four- and eight-firm concentration ratios 1947 to 1963
[Dollars in billions]

A. NUMBER OF INDUSTRIES			
Concentration ratios	Number of industries in which concentration ratios—		
	Increased	Stayed the Same ¹	Decreased
4-firm	81	46	86
8-firm	95	50	68
Percent of industries in which concentration ratios—			
Concentration ratios	Value of 1963 shipments of industries in which concentration ratios--		
	Increased	Stayed the Same ¹	Decreased
4-firm	38	22	40
8-firm	45	23	32
B. VALUE OF SHIPMENTS			
Concentration ratios	Value of 1963 shipments of industries in which concentration ratios--		
	Increased	Stayed the Same ¹	Decreased
4-firm	\$61	\$36	\$80
8-firm	\$76	\$32	\$67
Percent distribution of shipments of industries in which concentration ratios--			
Concentration ratios	Percent distribution of shipments of industries in which concentration ratios--		
	Increased	Stayed the Same ¹	Decreased
4-firm	35	20	45
8-firm	44	18	38

¹ Changed less than 3 percentage points.

Source: Bureau of Economics, Federal Trade Commission, based on Concentration Ratios in Manufacturing Industry 1963, Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, 89th Congress, 2d session

Figure 4

Average Change of 4-Firm and 8-Firm Concentration Ratios
of comparable manufacturing industries
1947-54, 1954-58 and 1958-63

GRAPH-SEE IMAGE

Average Concentration ^{Change 1}

- A. 213 Comparable Manufacturing Industries
- B. 132 Comparable Producer Goods Industries
- C. 81 Comparable Consumer Goods Industries

¹ Simple average of percentage point changes of 4-digit industry concentration ratios.

sumer goods came from industries in which the top four firms account for over 50

such associations would give small American companies the economies of large scale and enable them to countervail the large foreign cartels which appeared to be commonplace prior to World War I.

However, the full expectations of the Webb-Pomerene Act's proponents have not been realized over the half century since its passage. During the period 1918-1965, a total of 176 associations were properly registered with the Federal Trade Commission; of

Figure 5

Change in 4-Firm Concentration in Consumer Goods Industries 1947-1963

Percent of industries where concentration:

GRAPH-SEE IMAGE

¹ A change of less than three percentage points.

Source: Bureau of Economics, Federal Trade Commission, based on Concentration Ratios in Manufacturing Industry 1963, Subcommittee on Antitrust and Monopoly of the Committee on the judiciary, U. S. Senate, 89th Congress, 2d Session.

these only 130 ever functioned in any way to assist U.S. exports. Table 6 shows the volume of Webb-assisted exports for the period 1958–1962 as reported by associations and their members. For this period Webb exports have ranged between \$420 million and \$500 million or approximately 2.4 percent of total U.S. merchandise exports.

In summary, the Bureau's study shows that Webb-Pomerene activity has been limited to a comparatively few associations handling a limited range of products, and the number of beneficiaries from such activity has been quite small. Only 263 firms were association members in 1962. For the period 1958–62 a total of 459 firms were members at one time or another. These members, for the most part, were drawn from the upper reaches of the business population and, at the same time, were the major beneficiaries of Webb-Pomerene assistance. Thus, although firms with \$100 million or more in assets accounted for only 0.1 percent of the corporate population, firms in this size category comprised 24 percent of all Webb-Pomerene association members and made 80 percent of all Webb-assisted exports. The collective assistance of all associations to small firms amounted to only \$18.5 million of exports in 1962, or less than 0.1 percent of total U.S. exports.

TABLE 6.--Webb-assisted exports relative to total U.S. exports,
1958–1962

[Dollars in millions]

Year	U.S. merchandise exports	Webb-assisted exports	Webb exports as percent of U.S. merchandise exports (percent)
1958	\$17,745	\$420	2.4
1959	17,438	443	2.5
1960	20,378	491	2.4
1961	20,717	497	2.4
1962	21,403	499	2.3

¹ Figures based on FTC Survey report. In some instances, member reports of assistance differed from association reports. Wherever such instances existed the larger of the 2 reports were accepted for the purposes of compiling total Webb-Pomerene export assistance.

Sources: For U.S. merchandise exports: U.S. Department of Commerce, Statistical Abstract, 1964, p. 866. For Webb-assisted exports: FTC Survey, Export Trade Associations, 1963.

Economic Report on Milk and Bread Prices.—This report made public the findings of a Federal Trade Commission study undertaken at the request of the Secretary of Agriculture. On August 4, 1966 as a result of growing concern over higher food prices, particularly bread and milk prices, Secretary of Agriculture Orville Freeman requested the Federal Trade Commission to "review immediately the pricing policies and actions for bread and fluid milk and

Although farm milk price increases varied from market to market, depending on the local conditions in those markets, a definite geographic pattern was apparent. The sharpest milk price increase occurred in the fresh milk surplus States where the surplus milk is used in the manufacture of processed dairy products, such as butter, cheese and evaporated milk. In the 12 cities in States where dairy manufacturing was most 12 ink was

aged 17.5 percent (table 7). This compared with only a 5.9 percent average increase in those States where farmers marketed their milk almost exclusively as fluid milk. This pattern of increases was a result of a reversal of supply-demand conditions which had severely depressed the price of raw milk particularly in the dairy manufacturing States for over a decade. The National Commission on Food Marketing reported that in 1964 hourly wages of dairy farmers in parts of Wisconsin, the leading dairy State, were as low as 30 cents an hour.

Low returns to farmers over the decade prior to 1966 had caused a continuous exodus of dairy farmers. Increasing productivity of the remaining dairy farmers had prolonged this adjustment period. In 1965 the exodus of dairy farmers was so great that milk production fell absolutely. This, coupled with the low returns to farmers, caused a continuous exodus of dairy farmers from the dairy States. The National Commission on Food Marketing reported that in 1965 the exodus of dairy farmers was so great that milk production fell absolutely. This, coupled with the low returns to farmers, caused a continuous exodus of dairy farmers from the dairy States.

of these increases occurred in markets where margins had been abnormally low. Processors also faced cost increases other than ingredient costs.

Retail price increases in both bread and milk reflected pyramiding. Retailers not only passed on wholesale price increases, but added to them by expanding their own gross profit margins. In the case of bread, retail margins were increased both absolutely and as a percentage of the retail price of bread. Where wholesale bread prices increased most, retailer margins registered the largest increase, irrespective of the size of their previous margin.

Private label prices of bread showed a marked tendency to lag behind the price increases of wholesaler brands. These brands typically sell for 2 to 5 cents a pound less than wholesale baker brands. Because of this lag the report concluded that it was likely that bread price increases of some cities would not stick because of the widened differential between private label prices and wholesale baker brand prices in those cities.

In both bread and milk, there were notable exceptions from the general pattern of price increases. For this reason, the Commission is studying in depth several markets which experienced especially sharp increases in bread and milk prices and comparing them with cities showing very moderate increases. The analyses of these cities will cover factors in addition to ingredient costs which may have contributed to increased processor costs, such as wages, packaging, and other items. It will also study the level and pattern of profits in these cities.

Economic Evidence

The primary function of the Division of Economic Evidence is to provide economic assistance and analysis in connection with the Commission's enforcement responsibilities. Economists of the Division work in coordinate roles with members of the legal divisions and it is the Division's responsibility to provide economic background for assessing the economic needs in particular legal matters. The Division may perform these functions in either of two ways: (1) Through participation in the development of particular cases, from the initiation of the inquiry to the making of preliminary market studies, the development of complaints, preparations for trial, participation in trial work, and the formulation of final orders; or

(2) by a direct request of the Commission to

vides guidance for the most appropriate allocation of the Division's resources. Thus in the past 4 years (1963-66), the percentage of all large mergers (acquisitions of firms with assets of \$10 million or over) of a horizontal type fell to 12 percent, as compared with 40 percent during the first 4 years of the Celler-Kefauver antimerger law (1951-54). Vertical mergers have risen slightly in relative importance, from 12 percent to 15 percent, while conglomerate mergers have risen to 73 percent of the total, as compared with 51 percent in the earlier period. The following is a breakdown of current conglomerate mergers by type (as percent of all large mergers):

	Percent
Production extension	43
Market extension	15
Other	15

Each of these various types of conglomerate mergers requires special analysis to determine possible anticompetitive effects and involves examination of such complicated questions as the impact on potential competition, the raising of barriers to entry, the creation of reciprocity opportunities, and so on.

The ~~has~~ ~~to~~ ~~be~~ ~~synthesized~~

A major investigation undertaken by the

confidential, quarterly financial statements collected from a probabil

FIELD OPERATIONS

During fiscal 1967 the Bureau of Field Operations and its 11 field offices located in strategic cities across the United States, intensified its program of public education designed to give businessmen and consumers a better understanding of the work of the Commission.

The educational program for business and professional men sought to educate them concerning the statutes administered by the Commission and to counsel and assist them in complying with these statutes. Whereas, the program for consumers was directed principally to those in the lower

frequently sought out for consultation and information concerning grievances and other problems that arise under the statutes administered by the Commission. There were some 10,625 such contacts during the fiscal year.

The number of completed field investigations in fiscal 1967 totalled 1,129 cases which was an increase of 5 percent over the previous fiscal year. This was accomplished with no increase in the average number of investigating attorneys in the field. At the same time there was an increase in the referral of new investigations (i.e., 1,324) to the field offices during the fiscal year, as well as the backlog of cases (921) pending at the end of the year.

Of the 1,129 investigations completed, 772 were in the area of deceptive acts and practices and false and misleading advertising. The bulk of the remaining completed investigations involved anticompetitive and monopolistic practices and other restraints of trade.

The subject matter of some of the investigations in the false and misleading and deceptive field include:

- Games and other promotional schemes used by 22 principal chain organizations in the grocery trade to attract customers;

- Survey covering the pricing practices and guarantee representations in the sale of automobile tires;

- Misrepresentations and deceptive practices in the sale of home improvements, particularly aluminum siding;

- Sale of wigs made of horsehair or manmade fibers instead of human hair as represented, as well as the use of flammable materials in wigs;

- Schemes to deceive and bilk automobile owners in connection with the overhaul of transmissions through misrepresentations as to the extent of the repairs needed and the prices thereof;

- Unconscionable credit practices, trickery in obtaining contracts signed in blank, bait-and-switch and other deceptive practices in the sale of various merchandise to the poor and ignorant;

- Decept

Among the major investigations in the restraint of trade area were:

Price discriminations, the payment of kickbacks, and commercial bribery in connection with the sale of railway equipment;

companies in the sale of body replacement parts and the competitive effects thereof on independent repair businesses;

Arrangements between major tire manufacturers and bus companies whereby tires used on buses are leased so as to tie a bus company to one source of tire supply;

The use of cumulative volume rebates in the rug and carpet industry.

In line with Commission policy of obtaining voluntary compliance when appropriate, 159 investigations conducted by the field offices were closed by means of affidavits of discontinuance. Of this number 121 affidavits were s scontr7 Tw (0 -15.36 TD 0.0009 Tc 0 Tw

HEARING EXAMINERS

The work of the Commission's hearing examiners showed a marked increase during fiscal 1967. There were 96 cases on the hearing examiners' docket during the year—an increase of 35 percent over the 71 cases handled during the previous year—and the number of cases disposed of was doubled.

With 42 cases on hand at the beginning of the year, 50 new cases were added (including one compliance inquiry); four other cases were reopened or remanded; and 59 cases were disposed of—39 through adjudication and 20 through other procedures, leaving 37 cases pending as of June 30, 1967. Cases disposed of in fiscal 1966 totaled 29.

The increased caseload was reflected in the number of days devoted to evidentiary hearings and prehearing conferences, which rose from 307 days in fiscal 1966 to 459 days in fiscal 1967.

Despite the mounting caseload, hearing examiners continued to perform other duties for the Commission and for other governmental entities. In addition to adjudicating Commission cases, examiners carried out a variety of special assignments for the Commission, sat as special masters in U.S. court of appeals proceedings, and heard cases for other Federal agencies.

LEGISLATION NEEDED

The Commission recommends enactment of the following additional legislation.

1. Amend section 7 of the Clayton Act (15 U.S.C. 18) to require prior notice to the Federal Trade Commission and other appropriate agencies of any proposed mergers of corporations of significant size which are engaged in interstate commerce, and to provide adequate means of preventing illegal mergers.

The Commission now obtains virtually all of its information regarding such mergers by scanning financial periodicals, trade journals and other publications. These procedures have not been entirely satisfactory. We are of the belief that there should be legislation requiring, within a specified period of days in advance of a proposed acquisition of stocks or assets of another corporation engaged in commerce, notice and information by the acquiring corporation of its intent to merge with another corporation, where the corporations have combined assets in excess of \$10 million.

The consideration of a proposed merger, particularly with respect to the probable effect upon competition, requires the accumulation of a considerable amount of t6 0 TD 0.002 Tc (requ

said laws or by the United States under section 4A, as to all matters respecting which said judgment or decree would be an estoppel as between the parties thereto: Provided, That this section shall not apply to consent judgments or decrees entered before any testimony has been taken or to judgments or decrees entered in actions under section 4A.

"As applied to final orders to cease and desist of the Federal Trade Commission, 'antitrust laws' herein are defined as those sections of the Clayton Act over which the Federal Trade Commission has jurisdiction under section 11 of said Act (15 U.S.C. 21) and those proceedings brought by the Federal Trade Commission in which the findings, resulting in the Commission's final order to cease and desist are that the respondent or respondents named in said order have violated section 5 of the Federal Trade Commission Act, are tantamount to findings that he or they have violated sections 1 or 2 of the Sherman Antitrust Act (13 U.S.C. 1 et seq.)."

The Federal Trade Commission is vitally interested in effective enforcement of both the Federal Trade Commission Act and the Clayton Act. While the Commission issues orders to preclude further violations of the provisions of this Act, it cannot accord pecuniary redress to those injured by such violations. The remedy is found only in the provisions of sections 4 and 5 of the Clayton Act, the prior section pertaining to the damages to be awarded to a person injured by reason of anything forbidden in the antitrust laws, and the latter section to the prima facie evidence of such violations.

As now drawn, section 5(a) provides that such prima facie evidence is restricted to "A final judgment or decree heretofore or hereafter rendered in any civil or criminal proceeding brought by or on behalf of the United States under the antitrust laws * * * ."

The Supreme Court in *Minnesota Mining and Mfg. Co. v. New Jersey Wood Finishing Co.*, 381 U.S. 311 (1965) held that proceedings by the Federal Trade Commission tolled the running of the statute of limitations provided by section 4B of the Clayton Act (15 U.S.C. 15b) to the same extent, under section 5 (b) of the Act (15 U.S.C. 16 (b)), as do actions by the Department of Justice. However, on the question of whether section 5 (a) of the Act was or was not applicable to Federal Trade Commission proceedings, the court stated it would "venture no opinion."

Section 5 (a) should be amended, as we have recommended, so as to place a final order to cease and desist of the Federal Trade Commission in cases where the cases

The proposed statute should include safeguards similar to those found in section 13 (b) of the Federal Trade Commission Act.

Under section 13 of the Federal Trade Commission Act the Commission is authorized to seek an injunction in a U.S. district court restraining the dissemination of false advertisements of food, drugs, medical devices and cosmetics. The Commission recommends that its authority under that section should be expanded so as to enable it to obtain a preliminary injunction, when the public interest so requires, in any case involving an alleged violation of any law administered by this agency, where the Commission has issued, or intends to issue, a complaint. For the sake of clarity, the expanded section should follow present sections 14-16 of the Act which deal with the false advertisement of food, drugs, medical devices and cosmetics. Those sections would become sections 13-15 of the Act and the amendment here proposed would be section 16.

The need for the proposed legislation is clear. While the Commission has attempted to expedite its proceedings so that the interim between the issuance of a complaint and final determination by the Commission is minimized, the time lag can be substantial and may materially affect the outcome of Commission proceedings. Delay in merger cases, for example, combined with the inability of the Commission to preserve the status quo may make it more difficult to fashion an effective decree at the conclusion of the controversy. Cf. *Diamond Alkali Co.*, Docket 8572 (October 2, 1967).

In addition, consumers who are the victims of false and misleading advertising or of a false and deceptive sales practice are left wholly unprotected during the period from the date of the issuance of the complaint to the date when any order which may be entered becomes final. This period of time can be as long as 3 years. Members of the public can suffer serious economic loss from deceptive acts and practices during such a long period of time and respondents have every incentive to drag out the litigation for as long a period as possible in order to get the benefit of the practices which they may well know are in fact deceptive and a violation of law.

We are convinced that the interests of any proposed respondent in not being required to stop a practice before it has been finally adjudicated to be illegal are fully protected by requiring the Commission to demonstrate to a court the special circumstances requiring the issuance of a preliminary injunction pending final adjudica-

tion of the issues raised by the complaint. With this safeguard of court action, we are firmly convinced that the public interest in protecting consumers from alleged frauds and deceptions far outweighs the right of a businessman to continue to engage in a practice which both the Commission, and after application for an injunction, the court, have concluded may be in violation of law.

The new section 16 would grant the Commission the authority to seek injunctions in a U.S. district court restraining any alleged violation of any law administered by the Commission in the same manner as the Commission now exercises such power with reference to false advertisement of food, drugs, devices or cosmetics (see *Rhodes Pharmacal Co., Inc. v. Federal Trade Commission*, 191. F. 2d 744 (7th Cir. 1951)).

Another example of the type of situation which demonstrates the need for this type of injunctive power is the Commission's responsibility under section 2(a) of the Clayton Act (15 U.S.C. 13, et seq.), as amended by the Robinson-Patman Act, to prohibit sellers from discriminating by granting a lower price to a large concern than it is giving to this concern's smaller competitors. In the Commission's experience it has happened frequently that by the time the final order to cease and desist is secured, the small competitors may have suffered such injury, because of the illegal discrimination, as to force them out of business. Should

the Commission be authorized to seek injunctions in a U.S. district court to prevent such injury to smaller competitors?

The Commission has found that home improvement operators and salesmen generally prey on the unwary and the least educated and experienced members of the consuming public. They generally are parties having no special place of business and promote their sales by door-to-door contacts. Frequently, they use model home and referral display techniques and engage in bait-switching tactics, and many times secure signatures on contract papers, which unknown to the victim turn out to be negotiable instruments or a first or second mortgage on the victim's home. At the present time, the Commission's Bureau of Deceptive Practices has pending approximately 50 such cases which are in various stages of development, anywhere from an investigation to an actual trial. Unfortunately, this appears to be a practice which appears to be widespread and growing.

Another "racket type" of business is that of the sale of freezers, freezer meats and other food products. In the Washington area the approach in the sale of such products frequently is to represent that the consumer can save money by buying large quantities of meat at wholesale prices or even less and that the freezer can be paid for out of the savings. During the last 2 years the Commission has secured approximately 24 orders to cease and desist against the continuation of such methods of sale, with most of said orders being by consent.

There also appears to be a recent tendency in the sale of meat to unsuspecting and unwary consumers not to emphasize the freezer phase of the sale but merely to state that quality beef is being sold at extremely low prices. Investigations by the Commission have found that these offers are made by persons who have established places of business, and when the anticipating buyer seeks to take advantage of the low advertised prices, he is urged not to buy that meat and is switched to buying meat sold at higher prices.

5. Amend the Federal Cigarette Labeling and Advertising Act (P.L. 89-92) by:

(1) Requiring that, in connection with the sale, offering for sale, or distribution in commerce (as "commerce" is defined in the Federal Trade Commission Act) of cigarettes, it is an unfair or deceptive act or practice within the meaning of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to fail to disclose, clearly and prominently, in all advertising and on every pack, box, carton or other container in which cigarettes

are sold to the consuming public that cigarette smoking is dangerous to health and may cause death from cancer and other diseases.

The Commission

essential extension of its present jurisdiction which will enable it to proceed against deceptive advertisements of this type on a broader basis and enable it to protect consumers more adequately and equitably.

APPROPRIATIONS AND FINANCIAL OBLIGATIONS

FUNDS AVAILABLE FOR THE COMMISSION FOR THE FISCAL YEAR 1967

Funds available to the Commission for the fiscal year 1967 amounted to \$14,378,000. Public Law 89-555 approved September 6, 1966, provided \$14 million and Public Law 90-21 approved May 29, 1967 provided \$378,000.

Obligations by activities, fiscal year 1967

1. Antimonopoly:	
Investigation and litigation	\$5,907,000
Economic and financial reports	1,007,000
Trade practice conferences, industry guides and small business	294,000
2. Deceptive practices:	
Investigation and litigation	4,010,000
Trade practice conferences, industry guides, and small business	588,000
Textile and fur enforcement	1,322,000
3. Executive direction and management	337,000
4. Administration	840,000
	\$14,305,000
Total	

Settlements Made Under Federal Tort Claims Act

During the fiscal year 1967

APPENDIX (A)

FTC Cases in the Courts

Following is a summary of the principal Federal Trade Commission cases before the courts during fiscal 1967 together with a brief discussion of what is involved in each case or group of cases.

RESTRAINT OF TRADE CASES

The most significant antimonopoly decision in fiscal 1967 occurred in Procter & Gamble Co. (D. 6901). In a landmark decision, the Supreme Court reversed the Sixth Circuit and upheld the Commission's finding that the acquisition by Procter, the Nation's leading manufacturer of soaps, detergents and cleansers, of Clorox Chemical Co., the Nation's leading manufacturer of household liquid bleach, violated section 7. In concluding that the merger might substantially lessen competition the Supreme Court considered the following factors to be of great importance: (1) Excessive concentration in the industry involved at the time of the merger, and the dominant market position of the acquired company; (2) the relative disparity in size and strength as between the acquiring company and the remaining firms in the industry; (3) the dominant position of the acquiring company in other markets; (4) the nature of the production and distribution economies and advantages created by the merger; and (5) the elimination of the potential competition of the acquiring firm. In a somewhat similar "product extension" merger case awaiting decision in the Third Circuit, the Commission has held that the acquisition by General Foods Corp. (D. 8600), the Nation's largest producer and distributor of packaged food products, of The S.O.S. Co., a dominant producer and marketer of household steel wool pads, also violated section 7.

In the Dean Foods merger injunction proceeding (D. 8674), the Seventh Circuit issued an order enjoining Dean Foods Co. and Bowfund Corp. (formerly Bowman Dairy Co.) from making any material changes for a period of 4 months with respect to the capital stock or corporate structure of Bowfund, or with respect to the corporate assets purchased by Dean, pending entry of an order of the Commission disposing of its administrative proceeding. Last fiscal year the Supreme Court ruled that a court of appeals

B.

seek enforcement of subpoenas without the aid or consent of the Attorney General. The Commission has appealed to the Eighth Circuit. In ruling on the same question in *Continental Can Co.* (D. 8687), the U.S. District Court for the Southern District of New York ruled that the Commission did have such authority and directed compliance with the Commission's subpoena in that case. The court ordered, however, that the confidentiality of certain sensitive data produced in accordance therewith be protected.

In *Associated Merchandising Corp.* (D. 8651), the U.S. District Court for the Southern District of New York granted the Commission's application for enforcement of a hearing examiner's order for the production of documentary evidence in an adjudicatory proceeding as to certain specified items, but not as to others.

COLLATERAL SUITS AGAINST THE COMMISSION FOR INJUNCTIVE AND OTHER RELIEF

In *Frito-Lay, Inc.* (D. 8606), the Fifth Circuit, applying the doctrine of exhaustion of administrative remedies, affirmed the dismissal by the U.S. District Court for the Eastern District of Texas of a complaint for declaratory judgment and injunction. The company had challenged certain interlocutory rulings of the Commission and the hearing examiner in a section 7 case. In *Seeburg Corp.* (D. 8682), the U.S. District Court for the Eastern District of Tennessee dismissed a complaint for declaratory and injunctive relief for failure to state a claim. Seeburg contended, in connection with the Commission's rejection of a proposed consent settlement prior to the initiation of formal proceedings in a merger case, that the Commission wrongfully refused to divulge the basis for its approval in another case of an allegedly similar acquisition of a competitor. Seeburg further complained that it was unlawfully deprived of the right to confront agency counsel, to be furnished with copies of staff memoranda, and to make oral presentation before the Commission at the pre-complaint stage. The case is currently on appeal to the Sixth Circuit. The U.S. District Court for the District of Columbia dismissed a complaint for declaratory judgment and injunctive relief filed by *P. F. Collier, Inc.* and *Crowell Collier & Macmillan, Inc.* (D. 7751) to enjoin further prosecution of the Commission's complaint. Plaintiffs contended that the Commission improperly remanded the case to the hearing examiner, that the administrative proceedings were unduly protracted, and that irreparable injury would result from the adverse publicity associated therewith. In addition, the U.S. District Court for the District of Columbia granted a preliminary injunction in an action brought by *Cinderella Career & Finishing School, Inc.* (D. 8729), restraining the Commission from issuing further press releases in connection with its administrative proceeding against that company. The Commission has filed a notice of appeal from that ruling as well as from the court's denial of its motion to dismiss. A complaint for declaratory judgment and injunctive relief was filed by *Stewart Concrete &*

Material Co. and Richter Concrete Corp. in the U.S. District Court for the Southern District of Ohio, alleging that certain of the companies whose acquisitions were challenged by the Commission in its Mississippi River Fuel Corp. proceeding (D. 8657) were wholly intrastate in operation, and therefore outside the scope of section 7. Plaintiffs' motion for preliminary injunction was denied. In the U.S. District Court for the Eastern District of Virginia, a complaint for declaratory judgment and injunction was filed by Lehigh Portland Cement Co. (D. 8680), alleging that the Commission's section 7 7 D. 6.12 0 TD (7) T1 0 TD Tc () 0emplaint for declaratory judgment amhallenio,

APPENDIX (B)

Textile and Fur Court Cases

In May, 1967, the Commission proceeded against Continental Scarf & Novelty Co., a New York corporation, and petitioned the U.S. District Court for the Southern District of New York for a temporary restraining order and injunction to prevent the sale and shipment of dangerously flammable ladies' scarves under the Flammable Fabrics Act, No. 67 Civ. 1805. The restraining order was issued and pursuant to a consent agreement for the issuance of a temporary injunction such injunction was entered on May 16, 1967.

Also, in May 1967, the Commission proceeded against Pat & Bobbie's, Inc. and Patricia A. Farrell, individually and as an officer of the aforesaid corporation and petitioned the U.S. District Court for the Western District of Washington for a temporary restraining order and an injunction to prevent the sale and shipment of dangerously flammable fabrics i.e., wood fiber chips used in the manufacture of floral leis, under the Flammable Fabrics Act, Civil Action No. 7212. The temporary restraining order was issued on May 22, 1967, and after argument by Mrs. Marilyn Hale and Mr. Edward B. Finch, counsels representing the Federal Trade Commission, on May 29, 1967, a temporary injunction was issued by the court on May 31, 1967.

APPENDIX (C)
 Bureau of Textiles and Furs
 Civil Penalty and Criminal Cases

During fiscal 1967 judgments totaling \$31,500 were entered in three civil penalty cases, with injunctions obtained in three instances.

Penalty Cases Statistics

Pending July 1, 1966	4	
Filed during year	4	_____
Total for disposition	8	
Disposed of during year	3	

Pending June 30, 1966	5	

Criminal Cases Statistics

Pending July 1, 1966	1	
Filed during year	0	_____
Total for disposition	1	
Disposed of during year	0	

Pending June 30, 1967	1	

Stone & Stone, Inc. (S.D.N.Y.). Misbranding and false invoicing of fur products.

Elliot Knitwear, Inc. (S.D.N.Y.). Importation and sale of misbranded wool products, sweaters.

Marks Furs, Inc. (E.D. Mich.). Making pricing claims as to fur products without maintaining records showing the basis for such claims.

Criminal Cases Pending

Stone & Stone, Inc. (S.D.N.Y.). Misbranding and false invoicing of fur products.

chase of assets of 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 47pj 36 TOLSON

cement manufacturing and processing industries. It examines the possible competitive consequences of market extension and vertical mergers. (123 p., April 1966.)

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).

Cents-Off.--See Coffee Industry.

Chain Stores (Senate).—Practically every phase of chain-store operation was covered (S. Res. 224, 70th, 5/5/28), 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.)

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 Advertising and Output (F.T.C.).—This report was prepared in conjunction with the Commission's Rule Making proceedings regarding cigarette advertising. It reviewed the content of cigarette advertising together with related data on advertising expenditures and output. Particular emphasis was given to advertising patterns and practices from 1950 through 1964. Data from public sources were used. (Report on Cigarette Advertising and Output, 56 p., January 1964.)

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 dated 12/1/44), the Commission investigated the cigarette shortage and reported, among other things that the scarcity was directly traceable to the large volume of cigarettes moving to the armed forces and the Allies; that it was not attributable to violations of laws administered by the Commission; but that certain undesirable practices such as hoarding and tie-in sales had developed. (Report of the F.T.C. on the Cigarette Shortage, 33 pages, processed, o.p., 2/13/45.)

Coal (Congress and F.T.C., Wartime, 1917—18, Etc.—From 1916 through the first World War period and afterward, the Commission at different times investigated anthracite and bituminous coal prices and the coal industry's financial condition. Resulting cost and price reports are believed to have substantially benefited the consumer. Among the published reports were: Anthracite Coal Prices, preliminary (S. Doc. 19, 65th, 4 p., o.p., 5/4/17); Preliminary Report by the F.T.C. on the Production and Distribution of Bituminous Coal (H. Doc. 152, 65th, 8 p., o.p., 5/19/17); Anthracite and Bituminous Coal Situation, summary (H. Doc. 193, 65th, 29p., o.p., 6/19/17); and Anthracite and Bituminous Coal (S. Doc. 50, 65th, 420 p., o.p., 6/19/17)—pursuant to S. Res. 217, 64th 2/22/16; H. Res. 352, 64th, 8/18/16, and S. Res. 51, 65th, 5/1/17;

⁶ Basing-point systems are also discussed in the published reports listed herein under "Price Bases," "Steel Code," and "Steel Sheet Piling."

⁷ See footnote 4.

net capital assets of all manufacturing corporations in the United States in 1947 was concentrated in the 113 largest manufacturers. The report is entitled *The Concentration of Productive Facilities, 1947—Total Manufacturing and 26 Selected Industries* (96 p.). See also *Divergence between Plant and Company Concentration*.

Control of Iron Ore (F.T.C.).—A study of the concentration of iron ore supplies covers the sources and consumption of iron ore in 1948, an estimate of reserves available to major companies and an analysis of effect of possible shortage on big and small companies. *The Control of Iron Ore*, o.p. (1952).

Cooperation in American Export Trade.—See *Foreign Trade*.

Cooperation in Foreign Countries (F.T.C.).—Inquiries made by the Commission regarding the cooperative movement in 15 European countries resulted in a report, *Cooperation in Foreign Countries* (S. Doc. 171, 68th, 202 p., o.p., 11/29/24), recommending further development of cooperation in the United States.

Cooperative Marketing (Senate).—This inquiry (S. Res. 34, 69th 3/17/25) covered the development of the cooperative movement in the U.S. and illegal interferences with the formation and operation of cooperatives; and a comparative study of costs, prices, and marketing methods (*Cooperative Marketing*, S. Doc. 95, 70th, 721 p., o.p., 4/30/28).

Copper.—See *Wartime Cost Finding, 1917-18*.

Copper Industry (F.T.C.).—The Commission's report on *The Copper Industry*, transmitted (H.R.C.)—The

Cost of Living (President), Wartime, 1917–18.—Delegates from the various States met in Washington, April 30 and May 1, 1917, at the request of the Federal 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, H. Doc. 193, 70th, 37 p., o.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 Cottonseed 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.—A study to determine the distribution of steel in a time of shortage, when control over distribution rests with the producers (1949-50). 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) o.p., 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 subtitles: Part I, Important Food Products (11/11/43, 223 p., o.p.); Part III, Building Materials—Lumber, Paints and Varnishes, and Portland Cement (2/19/44, 50 p., o.p.) ; Part IV, Petroleum Products, Automobiles, Rubber Tires and Tubes, E115.4 ODE 10/16/40

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. Methods of the Five Packers in Controlling the Meat-Packing Industry (6/28/19, 325 p., o.p.) ; IV. The Five Large Packers in Produce and Grocery Foods (6/30/19, 390 p., o.p.); V. Profits of the Packers (6/28/19, 110 p., o.p.); VI. Cost of Growing Beef Animals, Cost of Fattening Cattle, and Cost of Marketing Livestock (6/30/19, 183 p., o.p.); and summary (H. Doc. 1297, 65th, 51 p., o.p., 7/3/18).

The reports first led to antitrust proceedings against the packers in 1918. Other Growing

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., o.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., o.p. and Wholesale Baking Industry, Part II—Costs, Prices and profits (8/7/46, 137 p., o.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

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chiefly to abnormal market conditions (Report of the F.T.C. on Wheat Prices for the 1920 Crop, 91 p., o.p., 12/13/20).

Food—Important Food Products.—See Distribution Methods and Costs.

Food—Marketing (F.T.C.).—On October 9, 1958, the Commission launched a study of significant economic trends in food marketing. In the first phase of this investigation facts were developed concerning the growth of corporate chains and voluntary and cooperative wholesalers. On June 30, 1959, the Commission published a statistical report entitled Economic Inquiry into Food Marketing—Interim Report (6 p., 22 tables, o.p.). This was followed by publication of Economic Inquiry into Food Marketing, Part I, Concentration and Integration in Retailing (January 1960, 338 p.).

Food—Marketing (F.T.C.).—The second phase of the F.T.C. study of the food industry was begun on August 25, 1960. Through surveys and other data the Bureau of Economics undertook to identify and analyze major structural and behavioral aspects of growth of corporate chains. TDgd

acted in a number of States carrying into effect all or a portion of the Commission's recommendations.

Food—Milk Prices.—See Milk and Bread Prices.

Food—Peanut Prices (Senate).—An alleged price-fixing combination of peanut crushers and mills was investigated (S. Res. 139, 71st, 10/22/29). The Commission found that an industry-wide decline in prices of farmers' stock peanuts during the business depression was not due to such a combination, although pricing practices of certain mills tended to impede advancing and to accelerate declining prices (Prices and Competition Among Peanut Mills, S. Doc. 132, 72d, 78 p., o.p., 6/30/32).

Food—Raisin Combination (Attorney General).—Investigating allegations of a combination among California raisin growers (referred to F.T.C. 9/30/19), the Commission found the enterprise not only organized in restraint of trade but conducted in a manner threatening financial disaster to the growers. The Commission recommended changes which the growers adopted (California Associated Raisin Co., 26 p., processed, o.p., 6/8/20).

Food—Southern Livestock Prices (Senate).—Although the low prices of southern livestock in 1919 gave rise to a belief that discrimination was being practiced, a Commission investigation (S. Res. 133, 66th, 7/25/19) revealed the alleged discrimination did not

Gasoline.—See Petroleum.

Grain.—See Food.

Grain Exchange Actions (F.T.C. and Chairman of Senate Committee on Agriculture and Forestry).—The Commission's report on Economic Effects of Grain Exchange Actions Affecting Futures Trading During the First Six Months of 1946 (85 p., o.p., 2/4/47) presents results of a special study made at the request of the then Chairman of the Senate Committee on Agriculture and Forestry. The report reviews the factors which made it impossible, during the first half of 1946, for futures trading to be conducted in the usual manner on the Chicago, Kansas City and Minneapolis grain exchanges under existing conditions of Government price control and severe restrictions on the movement of short supplies of free grain in the cash market. The report also discusses the economic effects of emergency actions taken by the exchanges on the interests trading in futures, and suggests, among other things, that both the Commodity Exchange Act and the U.S. Warehouse Act "should be so amplified and coordinated, or even combined, as to make ~~It 10.0173.2139~~ T"s, T 39.7e10 TD 0.0

International Petroleum Cartel.—A staff study of the activities of the seven major oil companies in relation to control over the international oil industry. Staff Report to the Federal Trade Commission submitted to the Subcommittee on Monopoly of the Select Committee on Small Business, U.S. Senate Committee print No. 6, 82d Cong.—2d sess. 378 p., 1952.

International Phosphate Cartels (F.T.C.).—The F.T.C. Report on International Phosphate Cartels (F.T.C. Res. 9/19/44) developed facts with respect to the practices, arrangements and agreements between domestic phosphate companies and foreign competitors through international cartels, through which minimum export prices were fixed. These prices varied from market to market, depending upon competition, ocean freight rates, and other factors. The agreements established fixed quotas in each grade, and sales were allocated among members of the Phosphate Export Association according to their quotas and the grade involved. The report (processed, 60 p.) was transmitted to Congress 5/1/46.

International Steel Cartels (F.T.C.).—A report to Congress concerning numerous cartel agreements relating to steel which were adopted between World War I and World War II. Certain American companies participated in these agreements, which were both national and international in scope. The international agreements allotted quotas to the different national groups, fixed prices in the export trade, and established reserved and unreserved areas. (International Steel Cartels (1948), 115 p., o.p.)

Iron Ore.—See Control of Iron Ore.

Large Manufacturing Companies (F.T.C.).—This 1951 report, entitled A List of 1,000 Large Manufacturing Companies, Their Subsidiaries and Affiliates, 1948, shows for each of the 1,000 largest manufacturing corporations which publish financial statements the percentage of stock interest held by the corporation in each of its subsidiaries and affiliates. The parent corporations are grouped in 21 major industries and ranked as to size on the basis of their total assets in 1948, 223 p., o.p., 6/1/51.

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, preliminary report (H. Doc. 857, 65th, 5 p., o.p., 1/23/18), and Report on Leather and Shoe Industries (180 p., o.p., 8/21/19). A further study (H. Res. 217, 66th, 8/19/19) resulted in the Report of the F.T.C. on Shoe and Leather Costs and Prices (212 p., o.p., 6/10/21).

Lumber—Costs.—See Wartime Cost Finding, 1917-18.

Lumber Trade Associations (Attorney General).—The Commission's extensive survey of lumber manufacturers' associations (referred to F.T.C., 9/4/19) resulted in Department of Justice proceedings against certain associations for alleged antitrust law violations. Documents published were: Report of the F.T.C. on Lumber Manufacturers' Trade Associations, incorporating regional reports of 1/10/21, 2/18/21, 6/9/21, and 2/15/22 (150 p., o.p.); Report of the F.T.C. on Western Red Cedar Association, Lifetime Post Association, and Western Red Cedarmen's Information Bureau (22 p., o.p., 1/24/23), also known as activities of Trade Associations and Manufacturers of Posts and Poles in the Rocky Mountain and Mississippi Valley Territory (S. Doc. 293, 67th, o.p.); and Report of the F.T.C. on Northern Hemlock and Hardwood Manufacturers Association (52 p., o.p., 5/7/23).

Lumber Trade Association (F.T.C.).—Activities of five large associations were investigated in connection with the Open-Price Associations inquiry to bring down to date the 1919 lumber association inquiry (Chap. VIII of Open-Price Trade Associations, S. Doc. 226, 70th, 516 p., o.p., 2/13/29).

Meat-Packing Profit Limitations.—See Food.

Mergers (F.T.C.).—(See Corporate Mergers.)

Merger Summary (F.T.C.).—The Commission maintains an annual series on firm disappearances via merger for manufacturing and mining, which covers merger trends back to 1940. Data for the last 5 years indicate a sharply rising trend in the frequency with which large firms are acquired. In 1966, as in preceding years, most acquisitions were made by manufacturing companies. The number of "large" mergers of mining and manufacturing concerns with assets of \$10 million or more reached a record high of 98 in 1966. Firms with assets of \$100 million or more accounted for 28 percent of all the acquired manufacturing and mining concerns in 1966.

Mergers and Vertical Integration.—See Cement.

Milk.—See Food.

Milk and Bread Prices (Secretary of Agriculture).—This is a preliminary report prepared in response to a request by the Secretary of Agriculture to review the pricing policies and actions for bread and milk including the price changes that occurred during the period July-September 1966. This is the first or preliminary step of a two-phase investigation of bread and milk prices and is based on a limited amount of information, but does provide insights into how widespread the price increases were for bread and fluid milk in various parts of the country. (Economic Report on Bread and Milk Prices 86 p. plus appendices, October 1966; also published as a Committee print by Committee on Government Operations, 82d Cong., 2d Sess., 56 p., 11/4/66).

Millinery Distribution (President).—This inquiry, requested by President Roosevelt, embraced growth and development of syndicates operating units for retail millinery distribution, the units units C Congt (60) 254 Dc (D) H 00

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 ~~the effect of newsprint~~ (whe/3/r3.84 0 .84 0 TD 0.0254

motion, in which report legislation to remedy existing conditions was recommended; and Report of the F.T.C. on Panhandle Crude Petroleum (Texas) (19 p., o.p., 2/3/28) pursuant to F.T.C. motion, 10/6/26 (in response to requests of producers of crude petroleum).

Potomac Electric Power Co. (Procurement Director, United States Treasury).—A study (2/29/44) of the financial history and operations of this corporation for the years

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.).

Prices.—See Milk and Bread Prices.

Profit Rates (F.T.C.).—A special report was published in 1963 showing profits per dollar sales and rates of profit on equity for 63 industry and size groups of manufacturing corporations in each calendar quarter 1947-62. (Report on Profit Rates of Manufacturing Corporations 1947-1962, 70 p., 1963.)

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 Report for Manufacturing Corporations.—Since 1947, the Federal Trade Commission has summarized for each calendar quarter uniform, confidential financial statements collected from a probability sample of all enterprises classified as manufacturers, except newspapers, which are required to file U.S. Corporation Income Tax Form 1120. The quarterly summaries, entitled Quarterly Financial Report for Manufacturing Corporations, are published by the Government Printing Office and sold by the Superintendent of Documents. In the published summaries, profits per dollar of sales and rates of profit on stockholders' equity are shown each quarter for each of 60 industry and size groups of manufacturing corporations. Also shown each quarter are 45 income statement and balance sheet items, and as many financial and operating ratios, for each of 45 industry and size groups of corporate manufacturers. (Similar reports for retail trade and wholesale trade corporations were published for the year 1950 and for each quarter of 1951 and 1952.)

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 for Identical Companies in Selected Manufacturing Industries (F.T.C.).—This report is a continuation of a series of reports, begun in 1948, comparing rates of return for identical companies in 25 selected manufacturing industries. The 1961 report compares 1940 with 1947 through 1961. Previous yearly reports compared rates of return in 1940 with rates of return in each of the years 1947-60 on an accumulative basis.

Beginning with the 1962 report the comparison with 1940 as a base year was eliminated and the comparison limited to a 10-year period. For example, the 1964 report

includes rates of return data for each of 23 selected industries for the period, 1955-64. This series is now reported as Part A of the report.

The Commission expanded coverage of the report in 1955 in order to provide data for more specific industries and, in 1957, published for the first time as Part B of the report comparative rates of return for the 12 largest companies in 39 selected industries for the years 1954 and 1955. Where possible, comparisons are presented for the 4 largest, the second 4, and the third 4 largest companies in each of the 39 industries. Part B of the report continues this series by comparing rates of return in the current year with that of the previous year. (Processed publications are available without charge from F.T.C. while the supply lasts. Copies prior to 1963 are o.p.)

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 which purchasers should resell them, led to the first inquiry, resulting in a report, Resale Price Maintenance (H. Doc. 1480; 65th, 3 p., o.p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., o.p., 6/30/19) and Resale Price Maintenance (F.T.C. motion, 7/25/27; reports, Part 1, H. Doc. 546, 70th, 141 p., o.p., 1/30/29, and Part II, 215 p., o.p., 6/22/31). The Report of the F.T.C. on Resale Price Maintenance (H. Doc. 1480; 65th, 3 p., o.p., 12/2/18).

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. Report to the President on Steel Sheet Piling (42 p., processed, 6/10/36 o.p.) demonstrated the existence of collusive bidding because of a continued adherence to the basing-point system¹⁸ and provisions of the steel industry's code.

Stock Dividends (Senate).—The Senate requested (S. Res. 304, 69th, 12/22/26) the names and capitalizations of corporations which had issued stock dividends, and the amounts thereof, since the Supreme Court decision (3/8/20) holding that such dividends were not taxable. The same information for an equal period prior to the decision was also requested. The Commission submitted a list of 10,245 corporations, pointing out that declaration of stock dividends at the rate prevailing did not appear to be a result of controlling necessity and seemed questionable as a business policy (Stock Dividends, S. Doc. 26, 70th, 273 p., o.p., 12/5/27).

Sugar.—See Food.

Sulphur Industry (F.T.C.).—In its report to Congress on The Sulphur Industry and International Cartels (6/16/47), o.p., the Commission stated that the operations of all four producers constituting the American sulphur industry generally have been highly profitable, and that the indications are that foreign cartel agreements entered into by Sulphur Export Corp., an export association organized under the Webb-Pomerene Law, have added to the profitability of the U.S. industry. On 2/7/47, after hearings, the Commission recommended that Sulphur Export Corp. readjust its business to conform to law.

Taxation and Tax-Exempt Income.—See National Wealth and Income.

Temporary National Economic Committee, Studies of the F.T.C.—See F.T.C. Annual Report, 1941, p. 218, for titles.

Textiles (President).—President Roosevelt (Executive Order of 9/26/34) directed an inquiry into the textile industry's labor costs, profits, and investment structure to determine whether increased wages and reduced working hours could be sustained under prevailing economic conditions. Reports covering the cotton, woolen and worsted, silk and rayon, and thread, cordage and twine industries were: Report of the F.T.C. on Textile Industries, Parts I to VI, 12/31/34 to 6/20/35, 174 p., o.p. (Part VI financial tabulations processed 42 p., o.p.); Report of the F.T.C. on the Textile Industries in 1933 and 1934, Parts I to IV, 8/1/35 to 12/5/35, 129 p., o.p., Parts II and III, o.p. (Part IV, processed, 21 p., o.p., accompanying tables, processed, 72 p., o.p.); Cotton Spinning Companies Grouped by Types of Yarn Manufactured During 1933 and 1934, 1/31/36, 20 p., processed, o.p.; Cotton Weaving Companies Grouped by Types of Woven Goods Manufactured During 1933 and 1934, 3/24/36, 48 p., processed, o.p., Textile Industries in the First Half of 1935, Parts I to III, 5/22/36 to 8/22/36, 119 p., processed, o.p., Textile Industries in the Last Half of 1935, Parts I to III, 11/20/36 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 Yarns, 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, 38 p., o.p., 1/20/25).

¹⁸ See footnote 15.

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 practices 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.

Tires (F.T.C.).—This report analyzes structural and behavioral aspects of the automotive tire industry, with emphasis on recent mergers and acquisitions. Since 1961, a series of acquisitions of retail and wholesale tire distributors by leading tire manufacturers has taken place. In addition, three medium-sized tire producers have themselves been acquired in recent years by their larger competitors. The report examines these mergers and their possible effects on future competition in the industry. It also reviews trends in overall concentration and patterns of distribution, pricing and profit behavior, and conditions of entry. (Economic Report on the Manufacture and Distribution of Automotive Tires, 117 p., March 1966.)

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 g

manufactured products. The inquiry resulted in approximately 370 wartime cost investigations. At later dates reports on a few of them were published¹⁹ including: Cost Reports of the F.T.C.—Copper (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. on 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 and 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 and profit information for 4,107 identical companies for the period 1941-45 is contained in a Commission report on Wartime Costs and Profits for Manufacturing Corporations, 1941 to 1945. Compilation of the information contained in the report was begun by the Office of Price Administration prior to the transfer of the financial reporting function of that agency to the Federal Trade Commission in December 1946.

Wartime Inquiries, 1917-18, Continued.—Further wartime inquiries of this period are described herein under the headings: Coal, Coal Reports—Cost of Production, Cost of Living, Flax, Food, Farm Implements, Independent Harvester Co., Leather and Shoes, Paper—Book, Paper—Newsprint, Profiteering, and Textiles—Woolen Rag Trade, o.p.

The following are unpublished investigations by the Commission for the use of other Government agencies:

Aluminum Foundries (W.P.B.), Wartime, 1942-43.—Details were obtained for the War Production Board, at its request, from aluminum foundries throughout the United States covering their operations for May 1942 and their compliance with W.P.B. Supplementary Orders m-1-d, M-1-c, and M-1-f.

Antifreeze Solutions, Manufacturers of (W.P.B.), Wartime, 1943-44.—War Production Board Order L-258 of 1/20/43 prohibited production of salt and petroleum-base antifreeze solutions. While production of these products had ceased, great quantities were reported to be still in the hands of producers and distributors. To enable W.P.B. to determine what further action should be taken to protect essential automotive equipment from these solutions, it requested the Commission to locate producers' inventories as of 1/20/43, and to identify all deliveries made from such inventories to distributors subsequent to that date.

Capital Equipment (W.P.B.), Wartime, 1942-43.—For the War Production Board, a survey was made in connection with Priorities Regul39 Tj 2.64 0 TD -0.0024 Tc (was) Tj 17.16 0 TD 0 Tc (180tv-A) TiIrvey

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 manufacturer 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 inquiries 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 was furnished to the Secretary of Agriculture and special data gathered in the inquiry were tabulated for O.P.A.

Food—Bread Baking (O.P.A.), Wartime, 1941–42.—In the interest of the low-income consumer, for whom it was deemed necessary the price of bread should be held at a minimum, the Commission investigated costs, prices, and profits of 60 representative bread-baking companies, conveying its findings to O.P.A. (Jan. 1942) in an unpublished report.

Food—Flour

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manufacturers whose operations were subject to W.P.B. Limitation Orders L-158 and L-161, as amended.
Glycerin, Users of (W.P.B.), Wartime, 1942-43.—At the request of the War Production

Management