

Annual
Report
of the **FEDERAL
TRADE
COMMISSION**

For the Fiscal Year Ended
June 30, 1968

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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-fourth Annual Report of the Federal Trade Commission covering its accomplishments during the fiscal year ended June 30, 1968.

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

The fiscal year 1968 found the Federal Trade Commission in a tight race to keep abreast of a mounting workload. Not only did business competition increase but the Commission's efforts to alert businessmen and consumers to the requirements of and the protection afforded by the trade laws invited ever more reliance upon the FTC to enforce them.

The better the laws were understood, the greater was the demand for action against those few who ignored them. However, in an economy the size of ours, whose Gross National Product the , the

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creased from \$560.3 billion in 1962 to \$789.7 billion in 1967, while in this five year period personal consumption expenditures rose from \$355.1 billion to \$492.2 billion. During this period, FTC recognized that its traditional approach of bringing individual formal corrective actions as guideposts to business had become all but inundated by the sheer volume of business activity.

The only hope of coping with the problem was to make far greater use of informal methods of law enforcement, encourage use of the much faster consent order procedure and, in appropriate instances, assurances of voluntary compliance. Also, an effort, unprecedented in scope, was made to encourage self policing by business and law enforcement by state and local authorities. Nevertheless, increase in business volume plus intensified competition tempted too many to take a chance on not being caught, and their depredations invited retaliation in kind.

True, FTC's appropriations between fiscal 1962 and 1968 were increased very substantially— from \$10,345,000 to \$15,281,000— but most of this increase was consumed by mandatory pay increases and new responsibilities placed on FTC by Congress. During these years, the number of regular employees increased only from 1,126 to 1,200.

Greater attention was paid during the year to closer screening of cases warranting FTC action. Obviously, with so small a staff the 1,200 included clerks and stenographers, it was impossible to accord each application for complaint the same weight. Keeping in mind always the degree of public interest involved, cases were handled informally and on as broad a scale as practicable. If the problem was widespread and could be alleviated by clearer understanding of the law's requirements, the Commission would issue Industry Guides; if it appeared that guidance needed firmer backstopping, FTC promulgated Trade Regulation Rules upon which it could rely in the prosecution of cases; and if the Commission had reason to believe that law violations could be halted without recourse to time consuming formal orders, it was willing to accept from individual respondents their formal assurances that the illegality would be discontinued. In addition, FTC issued Advisory Opinions on the legality or illegality of proposed courses of action by individual businessmen or business groups. By all of these means, the Commission sought either to forestall violations or to curb them with the least ex-

penditure of manpower. Even by thus lightening its case load, the Commission was confronted with more than enough hard-core violations capable of being halted only by formal orders.

Still

CONSUMER PROTECTION

In calendar 1967, Americans spent more than 78 percent of their disposable income on consumer goods and services. Personal consumption expenditures reached an all-time high of \$491.6 billion, almost two-thirds of the Gross National Product. Obviously, with our economy relying so heavily on consumer expenditures, the consequences of business cheats became serious, indeed. Not only was the consumer victimized, but law abiding businessmen were hurt by unfair competition. Confidence in fair dealing, a vitally important lubricant to our economy, became adulterated with distrust.

This is why FTC made a strenuous effort with every tool at its command to halt deceptive practices in their incipiency if possible and with whatever sterner measures were needed to stop full blown violations with the least delay.

An obvious first step in tackling the volume of consumer protection work was to screen more than 7500 applications for complaint from the public and from business to determine how best the problems they raised could be saved. For those complaints that lent themselves to broad scale treatment, the Commission could offer industry guides, trade regulation rules, and advisory opinions. Individual offenders could be halted by appropriate action, ranging from accepting their assurances that the illegality would be stopped to the issuance of formal order whose violation could bring penalties of up to \$5,000 per day.

Grist for FTC's mill did not, however, come entirely for applications for complaint. At the behest of Congress, the Executive Branch, and upon its own motion, the Commission undertook to alleviate broader problems. Here careful planning was required so that FTC's resources would not be dissipated on individual flyswatting.

For example, in fiscal 1968, there was set up in the Bureau of Deceptive Practices, a Division of Special Projects whose purpose

was to recommend effective means of tackling industry-wide deceptive practices. One result was a comprehensive investigation of whether new car manufacturers and dealers were properly honoring the warranties given purchasers of their cars. This led to an FTC-Industry program to correct problems discovered.

Another major special project involved testing cigarettes to determine their tar and nicotine content, with test results of 127 brands published in June of 1968. This augmented an earlier FTC policy statement that cigarette advertising claims would have to be accurate as measured by the testing procedures. As a result, corrections in advertising already began to be noted, and certainly the public benefitted from dissemination of the facts.

A third important special project was the implementation of the Fair Packaging and Labeling Act. This included carrying out FTC's responsibility to publish regulations under Section 4 of the Act articulating the mandatory contents of packaging labels. In addition, efforts were joined with the Food and Drug Administration to assist state officials in bringing their packaging laws into conformity with the largely preemptory federal act, as well as to coordinate enforcement efforts.

An exploration in depth of unfair and deceptive practices inflicted upon the poor and underprivileged of the "inner city" of the District of Columbia resulted in the issuance of twelve view complaints, and eight orders to cease and desist. A significant outgrowth of this work were facts to support recommendations by FTC to Congress and the States for nationwide consumer protection.

Still another special project of great concern to most consumers was an exploration to determine whether softwood lumber was being misgraded. Results of the investigation prompted the Commission to recommend legislation requiring f Tc () TjC 520985726 DOTJ ID 00011

report which led to the introduction of a resolution in Congress to authorize a comprehensive program, including a structural study of the entire industry, by the Commission. Favorable Congressional action is anticipated.

A broad attack was continued against deceptive advertising of mail order insurance, particularly that being sold veterans and servicemen and their families. Here the issue was advertising which failed to disclose limitations on the protection offered.

The industry wide approach also was employed in an investigation of the \$75 million Analgesic Drug Industry. This resulted in a proposed Trade Regulation Rule which would require that advertising not exceed or contradict efficacy and safety claims permitted by the Food and Drug Administration. Another investigation was made of the advertising of economic poisons, an industry of over 2,000 members with annual sales exceeding \$250 million. Under preparation at the fiscal year's end was a Trade Regulation rule to require ad-

PICTURE - SEE IMAGE

vertising claims for these poisons to abide strictly by the warnings carried on their labels.

Apart from special projects, there was more than enough regular anti-deceptive practice work to be handled.

illegalities would be stopped by the respondents' assurances of voluntary compliance with the law.

Here again, FTC was alert to misrepresentations directed at consumers. For example, new Guides were adopted for the \$1½ billion watch industry, with stop signs erected for cheating on such matters as what watch cases are made of, the number of jewels in watch movements, and claims for watch durability. Another guide was directed against misuse of the word “free” in connection with the sale of photographic film and processing service. Other guides were being prepared to assure correct advertising of decorative wall panels and to put the \$700 case

(guides) Tj 4 D 0 Tc () Tj 2ss

establish retail stores might violate the Robinson-Patman Act's prohibition of price discrimination. FTC gave this group a go-ahead, with the result that about \$20 million is now being allocated, on extended repayment terms, for some 500 new stores, owned and operated by those who dwell in ghetto areas.

PICTURE - SEE IMAGE

In fiscal 1968 the Bureau of Textiles, and Furs of the FTC made 14,326 inspections on the manufacturing, wholesaling, and retailing level.

tion. The Secretary of Commerce is to designate, which fabrics or products are hazardous, and the Department of Commerce will establish testing procedures; however, at the fiscal year's close, no changes had been made in the Act's coverage.

Rule 6 (e) of the rules and regulations under the Act became effective January 1, 1968. This rule removed from their formerly exempt status wearing apparel capable of being worn with the surface exposed; for example, an athletic "sweat shirt."

Cooperation with the Bureau of Customs continued to be excellent during the fiscal year, and many dangerously flammable fabrics were detected at the port of entry. They were either returned to their point of departure or processed so as to be flame retarded.

Seven cases were opened against firms importing light weight scarves that proved to be dangerously flammable and presented a particular hazard because ladies use them to tie about their heads or shoulders. Most of these cases resulted in an order against the importers restraining them from importing, selling or distributing these products. Ladies also found protection when a consent order was issued against a seller of hair falls (long hair wigs) made of acetate fibers found to be dangerously flammable.

In cases involving violations of the Flammable Fabrics Act, the Commission not only obtained the usual 60-day report on compliance with orders, but requested an interim report within 10 days after service of an order, including a recital regarding the recall and disposition of the materials found to be dangerously flammable.

In policing the Wool Act, the FTC continued to investigate and stop the practices of certain manufacturers to misbrand woolen products by upgrading. Such false disclosure substitutes a less desirable product for that which the customer thinks he is buying. It also puts honest competitors of these manufacturers at a disadvantage.

The magnitude of the inspection task presents a very serious problem. The field staff has been able to inspect only about 1/20th of the mills and manufacturers of textile products, only about 1/48th of importers and wholesalers, and only about 1/80th of the retail outlets., in its adjusted universe, each year. Moreover, in retail inspections, certain types of stores need more careful supervision than others. This is particularly true of small independent stores catering to the lower income group of the community, for such stores are more prone to remove or destroy labels.

The

down as follows: 51 wool, 60 fur, 80 textile and 16 flammable fabric. (Noteworthy is the fact that the 80 cases under the Textile Act, which is the newest Act, comprise the largest percentage (38.6%), compared with 51 Wool Act cases (24.6%), 60 Fur Act cases (28.9%), and 16 Flammable Fabrics Act cases, (7.7%).)

MAINTAINING FREE AND FAIR COMPETITION IN BUSINESS

The mainspring of American business is profits. These are the reward for imagination, courage, investment, know-how, production and service. Yet, over the long run, profits are dependent on one other thing; they must rely on the continued functioning, the survival, of our free enterprise system. And while it is true that profits fuel the system, alone they are insufficient to keep it going. Profits must be restrained by fairness-not just to consumers but to business competitors.

The Commission's antimonopoly responsibilities include administration and enforcement of Section 5 of the FTC Act and Sections 2, 3, 7, and 8 of the Clayton Act.

Here numbers of unfair methods interdicted, discriminations halted, or trade restraints challenged, do not measure FTC's accomplishment. Nor do statistics disclose what the cost to our economy would have been had law violations prospered and spread. Nevertheless, here are the antimonopoly statistics for fiscal 1968:

A total of 1,372 complaints was received from the public and businessmen. 218 investigations were started and completed were 196 investigations, and at the fiscal year's end, 747 were pending. The Commission approved 30 formal complaints, issued 16 complaints, and issued 23 orders to cease and desist. It also approved disposition of 28 cases on assurances of voluntary compliance with the law. Sixty-eight matters were satisfactorily corrected under the Commission's procedures for assisting small businesses.

In addition to antimonopoly casework, the Commission undertook to encourage compliance with the law by means of guides, advisory opinions, trade regulation rules and enforcement policy statements.

The Commission's efforts to halt restraints on trade fall into three principal areas: discriminatory practices, particularly in pricing

and services that favor big buyers over their small competitors; general trade restraints whose purpose is to deprive small competitors of equal opportunities to compete; and those corporate mergers where the effect of the acquisition may be substantially to lessen competition or tend to create a monopoly. These illegalities, of course, must be in interstate commerce and be impressed with sufficient public interest as opposed to purely private controversies. Their investigation and prosecution is performed by FTC's Bureau of Restraint of Trade.

In fiscal 1968, particular attention was given to trade restraints in broad industry areas affecting the basic economy, for example, the food distribution and the clothing industries. Here the lessening of competition by monopolistic practices involving consumer products may ultimately be reflected in higher prices to the consumer, although resellers or customers may be more directly affected initially.

Discriminatory pricing practices required 73 new investigations during the year. For example, as a result of drastic changes in marketing and distribution in the fluid milk industry, FTC continued to receive many complaints from independent dairies complaining that they were threatened with extinction because of the pricing practices of large national and regional chain dairies. The independent dairies alleged that large national dairies sold milk^f e f l f

nations by furniture manufacturers, illegal brokerages in purchases of food products by operators of chain food stands, and buying agencies for grocery chains and others in receiving illegal brokerages. The Commission issued cease and desist orders in 4 contested cases, involving regional price discriminations in sales of jellies by a national seller; price discriminations in sales of macaroni products; inducing and receiving discrimination advertising and promotional allowances from suppliers by a large retail apparel and speciality chain; and a manufacturer of wearing apparel in discriminating between competing retailers in the payment of promotional allowances.

In litigation are the following cases, involving price discriminatory practices:

In Beatrice Foods Co. Inc. and Kroger Co (D. 8663), the complaint charges Beatrice with selling fluid milk and dairy products to Kroger at lower discriminatory prices, and Kroger with inducing and receiving unlawful price discriminations in connection with such purchases. In Suburban Gas Co. (D. 8672), the complaint alleges that the respondent, the world's largest distributor of liquid petroleum gas, induces and receives discriminatory prices in the purchase of this product. In Connell Rice & Sugar Co., Inc. et al. (D. 8736), the complaint charges price discrimination, illegal brokerage and conspiracy in connection with the sale and purchase of sugar, corn products, rice and other products.

Practices involving general trade restraints, required initiation of 64 investigations involving about 87 different industries or product lines thereof. Industry-wide investigations, requiring substantial work during the past year, and now virtually completed, involve the newspaper industry advertising rates and television advertising rate structure.

The Commission was instrumental in insuring the competitive existence of numerous businesses, as well as allowing customers a competitive choice, in the recently issued consent agreement in the matter of National Work-Clothes Rental, et al., Docket 8742. There, it was charged that fifteen (15) companies and eight individuals conspired to fix prices.

include hotels, motels, restaurants, service stations, factories and other commercial and industrial establishments.

A final order was issued by the Commission in the matter of Lenox, Inc., Docket 8718. The complaint charged Lenox with maintaining an unlawful resale price maintenance scheme in connection with the sale and distribution of its china. The Commission ordered Lenox to stop establishing and maintaining resale prices and prohibiting Lenox from obtaining express or implied resale price maintenance agreements with dealers, suggesting resale prices for a period of three years, imposing customer restrictions on dealers, and refusing to sell to dealers who failed to maintain the established price or who sold to other dealers for resale. (On June 24, 1968, Lenox petitioned the Second Circuit Court of Appeals for review of the Commission's order.)

One of the significant cases in the general trade restraint area involves a part of the clothing industry. An initial decision of April 18, 1968, in the matter of National Association of Women's and Children's Apparel Salesmen, Inc. (NAWCAS) found a foreclosure by an association of manufacturers and s

The more significant accomplishments in merger law enforcement were as follows: an order requiring divestiture of the S. K. Wellman Company, a sintered metal friction material manufacturer, was issued by the Commission in an automobile parts industry matter, American Brake Shoe Co. (D. 8622).

The

container business with El Paso Products Company and

profitableness of identical companies in selected manufacturing industries for the calendar year 1966 was completed and published, and preparation of the rates of return report for the year 1967 was initiated. Financial data contained in this report is utilized by other government agencies and by industry in studies of various companies and industries.

The Director's Office conducts and maintains liaison for the Commission with the U.S. manufacturing

at the time the act was passed by Congress. *American Cyanamid Co. v. Federal Trade Commission*, 363 F. 2d 757, upheld the right of the Commission to inquire into the means by which a patent was obtained and then subsequently used to restrain trade.

Two cases which must be classed by themselves are the *Federal Trade Commission v. Dean Foods Co.*, 384 U.S. 597, in which the Supreme Court found the Commission has authority to seek and obtain under the All Writs Act an injunction to prevent frustration of a final order by disposal of the res which constituted the basis on which the Commission action was brought. In this case, the recent was the assets of a company acquired by merger and which were made subject to a contract for sale in order to frustrate an order of the Commission forbidding dissolution of the merged company. This is one of the most important procedural advances in FTC antitrust cases in recent years.

A second case of unusual import was the *Holland Furnace* case, 341 F. 2d 548, a deceptive practice case in which at the instance of the Federal Trade Commission the Seventh Circuit Court of Appeals found the company and certain named persons in contempt and imposed a fine of \$100,000 on the company, \$500 each on two company officers, and a jail sentence of six months on the president of the company.

Court proceedings which involve the Federal Trade Commission arise in a number of ways. Any individual or company against which the Commission has issued an order to cease and desist may petition a U.S. court of appeals to a subpoena, the commission may direct that an application for enforcement be filed in a U.S. district court. The Commission may also request the Attorney General to institute civil proceedings to compel the filing of a special or annual report ordered by the commission and to recover for features for failure to comply with the Commission's order. Disobedience of court's decree enforcing a Commission order or subpoena may be punished by the court as contempt. Collateral suits challenging the commission's jurisdiction or methods of procedure may be brought under certain circumstances in U.S. district courts. The Commission's interest in these collateral matters are defended by the Department of Justice with the full assistance of the General Counsel. It is the practice of the Justice Department to refer such matters to the local U.S. At-

torneys who, in turn, accept the services of the General Counsel for actual handling of the cases.

In fiscal 1968, the General Counsel, through the Division of Appeals, handled 88 cases.

558 review, interim report or special assignment matters were completed.

The increasing work of the Division of Consent Orders demonstrates uniquely the management improvement accomplished by reorganization of the Commission in 1961 to create this office. Studies indicate the average cost of cases which terminate in a negotiated consent order is one-tenth that of cases which are brought to a cease and desist order by litigation, omitting expense of possible court appeals. In this fiscal year, as in last, savings from the operation of this one office extended Commission activity approximately one-third of the range otherwise made possible by the Commission's total budget.

Representative of the consent settlements were:

Court

C—1269, Appliance Product Service, alleged to be in violation of Section 5 of the Federal Trade Commission Act, because of certain representations in advertising concerning the services it furnished in repairs of appliances and certain omissions to state in the same advertising limitations which affected guarantees of its services. Without admitting violation of law, but admitting the jurisdictional facts, the company agreed to a Commission order to discontinue the alleged misrepresentation of quality of services, location of its business, and certain other statements in advertising.

D—8742, National Work-Clothes Rental, and 14 others, alleged to be in violation of Section 5 of the Federal Trade Commission Act, because of agreements among themselves concerning prices and allocation of customers in connection with the renting of table linens, towels, uniforms and wiping cloths, to their customers, in four states. The matter was withdrawn from litigation, and without admitting the alleged violations of law, but admitting the jurisdictional facts, the companies agreed to a Commission order permanently prohibiting the agreements concerning prices and customer allocation and prohibiting certain provisions in customer service contracts and covenants with employees and sellers.

The General Counsel's Division of Export Trade supervises administration of the Webb-

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under the Act to foreign markets in calendar 1967. Of this amount an estimated \$846,049,491.00 or 58.6% was directly or indirectly assisted by the export trade associations and \$598,137,110.00 or 41.4% of products covered under the Act were shipped independently by the membership.

Further assisting businessmen and fulfilling the Commission's duty under provisions of the Lanham Trademark Act (15 U.S.C. 1064), the General Counsel participated in matters involving applications for trademark or registrations in which allegedly false, misleading or deceptive business practices were considered. All of the matters were adjusted informally through the General Counsel. Additionally he served as a consultant on trademark law for other bureaus of the Commission, congressional interests, foreign embassy officials, and American businessmen.

The General Counsel's Division of Legislation furnished advice and comment to the Commission on 72 bills which were pending in Congress, and on 17 draft bills submitted to the Bureau of the General Counsel participatedTD 0 T,4(uhe) Tj 15.t37.44 0 TD 0 Tc () Tj 3.36 0 TD 0

THE ROLE OF ECONOMIC STUDIES AND EVIDENCE

Economic studies and evidence are important underpinnings of Commission programs involving maintenance of competition and protection of the consumer. As the Nation's industrial organization becomes more interrelated and the activities of business concerns expand, it is imperative that information be available which will permit an early exploration of the nature of economic performance. Also, as the products used in every day life become more complex, market imperfections may develop and questions arise as to whether the market provides the consumer with ample protection. Economic research provides a means of monitoring trends in business structure and marketing practices, delineating problem areas, assisting in the development of expeditious effective policy programs, and developing

tion, distribution or sale of products. The remaining category of conglomerates includes those in which there is very little discernible relationship between the acquiring and acquired firms. Since this data collection program was instituted in 1948, there has been an almost uninterrupted upward trend in firm disappearances due to mergers and acquisitions, notwithstanding vigorous enforcement of Section 7 of the Clayton Act, which prohibits mergers which may substantially lessen competition or tend to create a monopoly in any line of commerce in any section of the country.

In 1967—1968 merger activity eclipsed all previous experience and it appears that the current upward trend will continue. The 1967 increase in manufacturing and mining mergers was the sharpest in modern industrial history (Chart 1), with 170 manufacturing and mining firms with assets of \$10 million or more acquired. The combined assets of the acquired firms totaled more than \$8 billion. In terms of assets acquired, merger activity involving larger firms in 1967 constituted more than 20 percent of the total of all large acquisitions recorded for the entire period 1948 to 1967 (Table 1). Acquisitions involving the very largest firms, with assets of \$100 million or more, rose sharply. In 1967 there were 23 such acquisitions as compared to 4 in the preceding year. For the whole period 1948 to 1966, there was no year in which more than 6 firms with assets of \$100 million or more disappeared through acquisitions (Table 2).

Another striking feature of the current merger movement is the complexity of relationships among merging firms. Merger movements of the past, notably at the turn of the century and in the 1920's, characteristically involved firms with clearly definable horizontal or vertical relationships. Thus the bulk of the merger movement at the turn of the century involved the joining

CHART 1
MANUFACTURING AND MINING FIRMS ACQUIRED
1948-1967

CHART - SEE IMAGE

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

Source: Bureau of Economics, Federal Trade Commission.

involved have no obvious product or marketing relationships. For the period 1948 through 1967, such mergers accounted for 17 percent of the assets of acquired firms. Within the context of a rising pattern of

of the Celler-Kefauver Act (1) to prevent increases in the concentration of economic power, (2) to encourage internal growth as a competition-promoting process, (3) to preserve the competitive opportunities of medium-size and small businesses, and (4) to eliminate monopolistic tendencies in their incipient stages. The study will explore the causes, effects and implications of the conglomerate merger movement. To be examined will be the relationship between conglomerate mergers and technical or business efficiencies, the economic performance of conglomerate firms in the market place, the

TABLE 2.—Acquisitions of manufacturing and mining companies with assets of \$100 million or more, 1948–1967¹

Year	Number of acquisitions	Assets (millions)
1948		
1949		
1950		
1951		
1952	1	\$106.8
1953	1	101.6
1954	4	618.5
1955	3	541.6
1956	2	298.8
1957	1	168.9
1958	3	361.7
1959	1	264.9
1960	2	203.0
1961	3	620.4
1962	2	297.7
1963	5	800.2
1964	5	670.3
1965	6	1,436.0
1966	4	1,111.0
1967	23	4,512.6
Total	66	\$12,114.0

¹ No acquisitions of firms with assets of \$100 million or more took place in the period 1948 through 1951. Excluded from this series are acquisitions of privately-held companies.

Source: Bureau of Economics, Federal Trade Commission.

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to delineate its merger enforcement criteria. In that statement the Commission pointed out:

A product extension merger is one that unites two corporations whose activities are functionally related at the production or marketing levels, but whose products are not close substitutes. Thus, in grocery products manufacturing the term describes any nonvertical, nonhorizontal

for assessing product extension mergers in grocery products manufacturing under Section 7 of the Clayton Act:

(1) Both the acquiring and acquired companies engage in the manufacture of grocery products. Grocery products include food and other consumer products customarily sold in food and grocery stores.

(2) The combined company has assets in excess of \$250 million.

(3) The acquiring company engages in extensive promotional efforts, sells highly differentiated consumer products, and produces a number of products, in some() Tj.0046 Tc 0.72

In fiscal year 1968, the published summaries of the report included data for each of 34 industry groups and 10 asset sizes of corporate manufacturers. For each industry group and asset size, estimates were published for 13 items of income and retained earnings, 14 asset items, 16 items of liabilities and stockholders' equity, and 43 financial and operating ratios, including profit rates on sales and equity. These quarterly estimates accounted for more than 97 percent of all manufacturing activity in the United States, more than half of all corporate profits, and nearly one-third of the national income. Each published summary was based on uniform, confidential, quarterly financial statements collected from a probability sample of some 10,000 out of an estimated total of more than 200,000 active manufacturing corporations in the United States. The following are some of the highlights of the four quarterly summaries published in fiscal 1968.

The number of manufacturing corporations with assets of \$1 billion and over increased from 24 in 1959 to 63 in 1967 and 78 in 1968. These 78 firms accounted for \$195 billion or 43 percent of the total assets of all manufacturing corporations, except newspapers, in the United States in 1968. An additional 194 firms, each with assets in excess of \$250 million, accounted for another 21 percent. A total of 529 enterprises, each with assets in excess of \$100 million, accounted for 73 percent of the total assets of all manufacturing corporations. Table 4 gives the relative importance of various asset classes of corporate manufacturers and the number in each size class in the first quarter of calendar year 1968.

From the end of the first quarter of calendar year 1967 to the end of the first quarter of calendar year 1968, net working capital of all corporate manufacturers (except newspapers) rose from \$115 billion to \$126 billion, reflecting the difference between an increase of \$17 billion in current assets and a rise of \$6 billion in current liabilities. In the same 12-month period, total assets increased from \$409 billion to \$449 billion; property, plant, and equipment (net), from \$162 billion to \$180 billion; inventories, from \$102 billion to \$107 billion. Similarly, stockholders' equity rose from \$241 billion to \$259 billion; of the latter figure, \$169 billion were retained earnings.

Sales of all corporate manufacturers (excluding newspapers) in 1967 totaled \$575 billion, or 4 percent above 1966. After tax profits

for the year amounted to \$29 billion, compared with \$31 billion in 1966 and \$28 billion in 1965. For the four quarters of calendar year 1967, the average annual rate of profit on stockholders' equity, after taxes, was 11.7 percent, compared with 13.4 percent for 1966 and 13.0 percent for 1965.

Highest average annual rates of return on stockholders' equity, after taxes, in 1967 were recorded by the producers of drugs

Chart 2

PROFIT RATES OF ALL MANUFACTURING CORPORATIONS, EXCEPT NEWSPAPERS
1958-1968

CHART – SEE IMAGE

SOURCE: FTC-SEC Quarterly Financial Report for Manufacturing Corporations.

business behavior. In 1966, at the request of the Secretary of Agriculture, the Bureau of Economics prepared an

Study of Automobile Warranties.—Another subject studied which is of great interest and importance to the consumer was automobile warranties. This study was a joint product of attorneys and economists within the Commission. An investigation of automobile warranties was authorized by the Commission in July 1965 as an attempt to find the cause and solution to the many complaints the Commission was receiving from automobile owners regarding service under the warranty. Subsequently, late in 1967 the Commission requested the staff to present a report on the subject, which report was released on November 18, 1968.

Some of the principal objectives of the study were to determine the procedures for handling consumer complaints and adjustments, the performance record of the manufacturers and dealers under the warranty, the consumers' reaction to warranty services, the costs of the warranty to the manufacturer and the extent to which the dealer is reimbursed, the reasons for consumers' complaints concerning services under warranty, and the possibility of reducing the volume of these complaints and improving customer-dealer relations. The study also discusses (1) development of the warranty and its use as a sale weapon, (2) problems related to the preparation of new cars for delivery, (3) servicing of cars under the warranty, (4) factors affecting predelivery inspection, and (5) factors affecting repair service under the warranty.

Economic Report on the Use of Games of Chance in Food and Gasoline Retailing.—At the direction of the Commission the Bureau conducted a study of the use of so-called games of chance in supermarkets. The initial phase of the study relating to the use of games in food retailing, was completed and forwarded to the Commission in May 1968. It dealt with the nature and objectives of games, trends in game use, t 10:900210300701060422 01502540 file 418

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Price checks were made of stores located in the low-income areas of the above cities in order to determine if there were substantial differences in the pricing in the stores serving low and high income sections of these cities. Substantial data have been collected regarding pricing and merchandising practices and a final report on this study is expected to be completed in fiscal 1969.

Bureau of Field Operations

The Commission maintains 11 field offices and 2 field units in strategically located metropolitan areas. These field offices and a small headquarters group constitute the Bureau of Field Operations. This Bureau is the Investigative arm of the Commission and its enforcement bureaus.

In connection with their investigative activities, the field offices have concentrated on advancing the policy of the Commission to obtain voluntary compliances with the statutes administered by the Commission rather than compliance through means of long and costly

There were 11,979 inquiries and contacts from the public concerning the work of the Commission. The field staffs have striven to help various classes of consumer citizens to protect themselves from being exploited by fraudulent and unethical practices of some businessmen through knowledge of their methods of operations. In pursuance of the objective of acquainting the public, including educational, trade and consumer groups, with the scope of the Commission activities and the kinds of unethical business practices that are violative of the statutes it administers, the field offices furnished speakers to interested groups on 238 occasions during the fiscal year. Staff members of the field offices prepared and conducted seminars and conferences and appeared on TV and radio programs, as well as addressed meetings of senior citizens, high school and college classes, and ghetto workers and residents. The field offices maintained a continuing liaison with Better Business Bureaus, Chambers of Commerce and attorney generals and other officials of various States and their agencies. Particular attention was given to contacts with the various offices of the Office of Economic Opportunity and other legal aid agencies dealing with the ghetto and poverty problems of the economic disadvantaged who are easily duped by deceptive practices and unfair methods of competition engaged in by some members of the business community.

The Bureau of Field Operations started the fiscal year 1968 with 160 field attorneys. During the year it lost the services of 40 attorneys or 25% of its

HEARING EXAMINERS

The Commission's emphasis on the achievement of law observance by means other than formal litigation is reflected in the number of cases handled by hearing examiners during the fiscal year 1968.

There were 61 cases on the hearing examiners' docket during

APPROPRIATIONS AND FINANCIAL OBLIGATIONS

FUNDS AVAILABLE FOR THE COMMISSION FOR THE FISCAL YEAR 1968

Funds available to the Commission for the fiscal year 1968 amounted to \$15,281,000. Public Law 90—121 approved November 3, 1967, provided \$15,150,000 and Public Law 90—392 approved July 9, 1968 provided \$131,000.

Obligations by activities, fiscal year 1968

Federal Trade Commission Proposed Legislative Program for the First Session of the 91st Congress

The following represents the legislative proposals in which the Commission is most interested.

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

(1) Section 4 of the Act should be amended by changing the required warning statement to read:
"Warning: Cigarette Smoking is Dangerous to Health And May Cause Death From Cancer
And Other Diseases."

(2) The warning statement should be required to appear in all advertisements as well as on all cigarette packages.

(3) A statement setting forth the tar and nicotine content of each cigarette should be required to appear on the package and in all cigarette advertising.¹

(4) Cigarette advertising on television and radio should be banned entirely. Alternatively, cigarette advertising on television and radio should be limited as to the hours at which it may appear; the extent to which it may appear; and the types of programs on which it may appear.

(5) Increased appropriations should be made to the Department of Health, Education, and Welfare for education of the public (especially young people) as to the health hazards of smoking.

(6) Appropriations should be made for research under the direction of the National Institutes of Health on the development of less hazardous cigarettes.

The aforementioned amendments embody the recommendations which the Commission made in its report to Congress on June 30, 1968, pursuant to the directions contained in section 5(d) (2) of the Federal Cigarette Labeling and Advertising Act. The grounds for these recommendations are set out at length in the report of the Commission of June 30, 1968.

In connection with these recommendations

"Recommendation number (2) recommends that this warning statement should be required to appear in all advertisements, as well as on all cigarette packages.

"Because of these recommendations with which I concur, I see no need for the suggestion that cigarette advertising on television and radio should be banned entirely. I am of the opinion that, if a realistically adequate warning should be required in all television and radio advertising, the public interest would be sufficiently protected."

Commissioner MacIntyre joins in recommendations 1 and 3. With respect to recommendation 2, he believes this is a subject which should receive the further consideration of the Congress similar to that given the labeling of cigarettes when Congress passed the Federal Cigarette Labeling and Advertising Act.

Commissioner MacIntyre joins and associates himself with Chairman Dixon's statement and position regarding alternative recommendation No. 4.

In addition, Commissioner MacIntyre does not concur with

Federal Trade Commission does have jurisdiction over companies engaged in the sale, or offering for sale of any type of insurance, in commerce by means of the United States mails in any State in which they are not licensed to conduct the business of insurance, or in which if licensed, they do not have agents.

The experience of the Commission in administering its "Guides for the Mail Order Insurance Industry" indicates that Commission action under section 5 of the Federal Trade Commission Act is needed in order to prevent consumer deception. Although all of the States regulate insurance matters, regulation of the advertising and promotional activities of insurance companies appears to be lax in many of these states. (See 50 Marq. L. Rev. 178-345 (1966)) Also, even with reference to advertising which previously had been approved by States, investigation by the Commission has found in many instances that the advertising was grossly deceptive, with much of such deception being directed to elderly persons, dependents of members of the Armed Forces and the poor.

In approximately 82 percent of the informal complaints against mail-order insurance companies, which the Commission has investigated, the Commission was unable to act because the accused company made its sales through resident agents licensed in the States in which the insurance company operated.

In our opinion, if the Commission had the required jurisdiction, it would be in a position to stop a continuation of unfair or deceptive acts or practices in commerce by mail-order insurance companies in the advertising and sale of their policies.

The problem of protecting the public, particularly the poor, the elderly, and those who are dependent on members of the Armed Forces from the deception practiced by some mail-order insurance companies is national in scope.

The adoption of the suggested repeal of the proviso in section 2(b) would extend the Commission's present jurisdiction over insurance companies to include any unfair methods of competition in commerce and any false and deceptive acts or practices in commerce by such companies even though such methods, acts or practices are committed in a State in which the insurance company is licensed to conduct the business of insurance.

This dual authority of the Commission and the States, we believe, would give greater protection to the public against deception now practiced by some insurance companies who operate nationally.

3. Legislation for Allocation of Consumer Protection Responsibilities.

The Federal Trade Commission recognizes that in the consumer protection efforts of the Federal Government, there appear to exist gaps in legislation, overlappings, and duplications of responsibility which require legislative attention.

The Commission, as such, has no specific recommendation concerning the type of legislation which should be enacted to afford proper consumer protection; however, there is appended hereto the views of individual Commissioners relative to such action.

4. Legislation designed to give consumer protection by requiring proper warranties and guarantees for consumer products.

The Commission feels that there is a problem with respect to such warranties and guarantees. The President in his "Consumer Message" of February 6, 1968, with respect to the subject of "Repairs, Warranties and Guarantees" directed that:

"The Special Assistant to the President for Consumer Affairs, the Chairman of the Federal Trade Commission, the Secretary of Commerce and the Secretary of Labor will begin work immediately with the industry to:

- Encourage improvements in the quality of service and repairs.
- Assure that warranties and guarantees say what they mean and mean what they say.
- Let the consumer know how long he may expect a product to last if properly used.
- Determine whether federal legislation is needed."

The Federal Trade Commission has taken, and is taking, a continuing interest in the problem.

During the 90th Congress, there were introduced S. 2726 and S. 2727 by Senators Magnuson and Hayden, respectively, which had as their purpose the protection of the consumer with reference to guarantees and warranties, including warranties for new motor vehicles.

The Federal Trade Commission is not prepared at this time to offer

for two or three years before the violator can be ordered to cease and desist. In the meantime, countless Americans may be defrauded.

We believe enactment of a Deceptive Sales Act,

7. Propose programs for the effective implementation by the Federal Government of cooperative efforts with state governments in the area of consumer protection.
8. Provide for an advisory council to be established within the agency composed of:
 - (a) Representatives of Federal Departments and Agencies presently involved in consumer protection efforts.
 - (b) Representatives of state and local governments.
 - (c) Private institutions and agencies involved in consumer protection efforts.
 - (d) Representatives of other segments of the economy and society concerned with consumer protection.
9. Consumer protection as used here means not only enforcement of directive or prohibitive law, but also education and representation of consumer interest before government bodies and such affirmative powers as this proposed agency might consider necessary or appropriate to represent the interest of the consumer more effectively.

Separate Statement of Commissioner Elman

In addition to the Commission's legislative proposals, I recommend the as

ments or assurances of voluntary compliance would be acceptable only if they made adequate provision for the rights of all aggrieved consumers.

In addition, the statute should provide that a decision against a defendant may be used as prima facie evidence of violation in subsequent damage actions by aggrieved consumers. (Cf. Section 5 of the Clayton Act, containing such a provision as to antitrust violations.) This provision would supplement, and not replace, ordinary rules of res judicata and collateral estoppel. It may also be desirable to provide a federal rule of collateral estoppel in the statute, barring the defendant from relitigating with a consumer any issues determined adversely to him in the action by the government.

Besides placing the enforcement function where it belongs, in a prosecutive agency, this proposal would offer genuine hope of financial redress for the poor and other victims of fraudulent practices. The Federal Trade Commission would then be able to emphasize its primary role of analyzing and defining fraudulent practices, thus simultaneously laying the basis for effective action in the courts against all kinds of fraud and providing guidelines for legitimate businessmen. Moreover, by continuing and expanding its program of aid to state and local anti-fraud agencies, by stressing the need for the establishment and improvement of such agencies—as it did in the report on the District of Columbia poverty program—the Commission will help provide relief against sharp practices at the local level, on "Main Street", where enforcement is most effective and most important. While the Commission cannot hope to police all fraudulent practices itself, it can, by supporting "little FTC acts" and similar legislation empowering the state attorneys general to obtain injunctive relief and damages, help drive the huckster from the marketplace and afford a remedy for his victims.

The Administration-supported Deceptive Sales Act (S. 3065), passed by the Senate on July 11, 1968, is inadequate. That bill would amend the Federal Trade Commission Act to authorize the Commission to seek temporary injunctions or restraining orders in cases involving fraudulent practices. The Senate debate on the bill was most illuminating. Both Senator Magnuson, the floor manager, and Senator Cotton, the ranking minority member of the Commerce Committee, took great pains to make clear that a temporary injunction could be obtained only in cases of "obvious, patent, and flagrant fraud". As I pointed out in my separate statement on S. 3065, a federal court has as much expertise in recognizing and dealing with "hard core frauds" as the Federal Trade Commission; and it would promote expedition as well as fairness for a court, in a case where a temporary injunction has been sought and granted, to proceed immediately to trial and decision of the case, rather than remanding it to the Commission for that purpose. This is clearly a more efficient and more desirable way of handling cases involving "obvious, patent, and flagrant fraud".

Indeed, as Commissioner Nicholson observed in his August 5, 1968, speech before the American Bar Association, the Federal Trade Commission "has failed, and failed miserably in my opinion, in protecting the consumer from what has lately been known as the 'hard core frauds'." I do not see how any of us can disagree With Commissioner Nicholson. I think it is a great mistake for the Commission to create the impression in Congress or the public that we are the best agency for dealing effectively with "hard core" frauds—the only kinds of cases covered by the Deceptive Sales Act. For that reason, I again recommend adoption of the amendment of the Deceptive Sales Act which I have proposed centralizing the t 64.2s087 Tc (soWpTc taa

synergistic; it breeds disorganization, diffusion of effort, and disregard for priorities. It is time for the

a poorly designed lawnmower or washing machine may maim

Introduction, transportation, or sale of "unsafe" or "misbranded" products in interstate commerce would be unlawful. Since swift and effective remedies are needed to prevent widespread dissemination of dangerous products before large numbers of people are injured, enforcement should not be vested in a tripartite administrative agency. An enforcement system requiring administrative proceedings followed by judicial review, with appeals possible both within the agency and in the courts, is suitable when, for example, the agency is charged with the responsibility for formulating and articulating antitrust policy; it is not a desirable mechanism, however, for effective enforcement of legislation designed to protect the public from hazardous products—a fact which Congress recognized when it provided for enforcement of both the Food, Drug and Cosmetic and the Hazardous Substances Labeling Acts in the courts. See, e.g., 15 U.S.C. §§ 1265, 1267; 21 U.S.C. §§ 332, 334. It is therefore recommended that provision be made for injunction and condemnation proceedings in the federal courts and for criminal penalties for willful violations. Suit could be brought either by the agency designated to establish safety standards or by the Consumer Counsel in the Department of Justice, acting at the agency's request. In either case the task of policing the statute and regulations would be left to a skilled investigative and prosecutorial staff set up to perform this enforcement function. Finally, enforcement efforts would be enhanced if the statute included a provision giving the agency's determination, that a product is "unsafe" or "misbranded" prima facie effect in an action brought by an injured consumer.

Such a statute would have several advantages. It would provide a means for raising safety standards in an entire industry, permitting the establishment of reasonable, uniform standards to be determined by competent experts. Enforcement would be evenhanded and a manufacturer would be able to obtain advance assurance, before full production is undertaken, that a new product fulfills federal safety requirements.³ Most important, product safety standards could be put into effect before, and not after, large numbers of people are needlessly injured.

V. Consumer Bill of Rights

I think the time has come for Congress to wrap up all the bits and pieces of existing and proposed consumer protection legislation into a single, comprehensive Consumer Bill of Rights. Each of the consumer laws now on the books reflected an ad hoc response to an immediate problem, whether it was unsafe patent medicines, flammable "torch sweaters," unsafe cars and tires, contaminated meat or fish, misbranded clothing, dangerous toys, exorbitant and undisclosed credit charges, deceptive packaging or labeling, etc.

Implicit in the whole panoply of Congressional and Executive actions in this area has been a recognition of certain basic rights of consumers, and of the obligation of government to declare and secure those rights. Without having said so explicitly in legislation, Congress has junked the old concept of caveat emptor. In its stead has come gradual and increasing acceptance of the fundamental rights of a consumer buying products in today's markets: the right to receive a product which is safe, which will perform as represented, and is free from defects in materials or manufacture; the right to be sufficiently informed of the material characteristics of a product, so that he will have a basis for making a choice among competing products offered for sale; and the right to be free from unfair, unconscionable, or dishonest sales practices.

A Consumer Bill of Rights would provide explicit statutory recognition of these rights, and affirm their application to all, not merely some, products. It would have the legal effect of making these rights derive from Act of Congress, and thus not depend on the action of sellers. In effect, all sellers of all products would be furnishing a statutory warranty to their customers that the product is safe, free from defects of manufacture or

³Perhaps advance clearance of new products to eliminate unnecessary dangers should be required.

materials, and will perform as represented. The protections to the consumer afforded by such a statutory warranty could not

APPENDIX (A)

FTC Cases in the Courts

Following is a summary of the principal Federal Trade Commission cases before the courts during fiscal 1968 together with a brief discussion of what is involved in each case or group of cases.

RESTRAINT OF TRADE CASES

There were two Supreme Court decisions this fiscal year in Robinson-Patman Act price discrimination cases, *Flotill Products, Inc.* (D. 7226) and *Fred Meyer, Inc.* (D. 7492). The *Flotill* decision resolved the important procedural question of whether the lawful issuance of a cease-and-desist order requires the concurrence of a majority of the full five-member Federal Trade Commission, or only of a majority of a quorum of Commissioners participating in a decision. In passing on this point, the Ninth Circuit, although affirming the Commission's section 2(d) finding, set aside the section 2(c) provision in the Commission's order, reasoning that "[t]wo of five is too few" and that only two members of the three-member Commissioner quorum which heard the case had joined in the 2(c) finding. In reversing the Ninth Circuit, the Supreme Court upheld the procedure utilized by the Commission, ruling that where an agency's enabling statute is silent on the question, and where there is no later abrogating statute, an agency is justified in adhering to the common-law rule that a majority of a quorum constituted of a simple majority of a collective body is empowered to act for the body.

The *Fred Meyer* decision involved an important interpretation of section 2(d). In reversing the Ninth Circuit, the Supreme Court held that a supplier who grants promotional allowances to direct-buying retailers has an obligation to make such payments available on proportionally equal terms to competing retailers who purchase the supplier's products through intermediary wholesale sources. The basis of the Court's ruling was that the term "cus-

tomers" in section 2(d) "includes retailers who buy through wholesalers and compete with a direct buyer in the resale of the supplier's products."

The Supreme Court denied the pending petition for certiorari filed in Purolator Products, Inc. (D. 7850). On the Solicitor General's authorization, the Commission had filed a brief on its own behalf in opposition to Purolator's attempt to have the Court review the question of the Seventh Circuit's affirmance of an order prohibiting various price discriminations in the marketing of automotive replacement filters. The Solicitor General, in turn, had filed an amicus curiae memorandum contending that the Commission erred in its disposition of part of the case, and suggesting that certiorari be granted to resolve these issues.

There were several decisions in courts of appeals in price discrimination cases in fiscal 1968. In National Dairy Products Corp. (D. 7018), the Seventh Circuit upheld the Commission's finding that the company, through its Sealtest Division, granted unlawful discriminatory discounts in various localities to large food store chains on purchases of packaged ice cream and dairy products. In so doing, the court sustained the Commission's holding that where reliance is placed upon alleged savings in delivering to individual stores in asserting a cost justification defense, the cost justification itself must also be on an individual store basis, rather than upon the generalized cost of serving a chain store customer as a whole. As for National's section 2 (b) defense, the court held that while there was evidence that the company had in some instances met competitors' lower prices in good faith, sufficient contrary instances were shown in the record to sustain the Commission's rejection of the defense. In Rabiner & Jontow, Inc. (D. 8629), the Second Circuit affirmed and enforced the Commission's section 2(d) order, rejecting the company's contention that the Commission abused its discretion in issuing the order in question while other industry members were allegedly engaged in similar practices. The Supreme Court denied certiorari.

There were some adverse decisions by courts of appeals in discriminatory pricing cases last year. In Borderz Co. (D. 7129), the Fifth Circuit, on remand from the Supreme Court "like, grade and quality" decision, 2.4 56 TD 0.001 Tc (allegedly) Tj 46.4 r i(f) 0 Tc () Tj 3.6 0 TD 0

have been held in abeyance in the Ninth Circuit pending that decision, can now proceed toward disposition this year.

In the illegal merger field, the Third Circuit, in furtherance of the Supreme Court's landmark Procter & Gamble decision last year, upheld the Commission's finding in General Foods Corp. (D. 8600) that a conglomerate merger between the nation's largest producer and distributor of packaged food products and The S.O.S. Company, a dominant producer and marketer of household steel Foodsof of of(SectTD 0 Tc381243 Tw (.92 0 TD 0 Tc ((70.24 0 TD 0 Tc

to the Commission for a de novo determination

dissemination of deceptive "debt collection" forms. In *The Elmo Company, Inc.* (D. 5959), the District of Columbia Circuit affirmed the Commission's reopening of its 1952 consent order, overruling the company's contention that the Commission was required to make a greater showing of "public interest" than that necessary for the issuance of a de novo complaint. The Supreme Court denied certiorari. In *David Rettinger* (D. 6534), the Second Circuit refused

investigations concern law enforcement matters.) Pending in the U.S. District Court for the Eastern District of Virginia is a complaint for declaratory judgment and injunction brought by Lehigh Portland Cement Co. (D. 8680), alleging that the Commission's section 7 proceeding against it was prejudiced by press releases and by the Commission's industrywide investigation concerning vertical integration in the cement and ready-mixed concrete industries. The Commission has filed a motion to dismiss or, ^{refused} in the alternative, for summary judgment, and Lehigh has filed a cross-motion for summary judgment. The motions have been heard and the court's ruling are awaited. In The Seeburg Corporation (D. 8692), the judgment of the District Court dismissing Seeburg's ^{judgment} complaint against the Commission for declaratory judgment and injunctive relief remained pending on appeal throughout the year in the Sixth Circuit. Seeburg is contending, 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 ^{for its own sake} consent to the proposed settlement. ^{judgment} The ^{and} Tw (ca7

APPENDIX (C)

Bureau of Textiles and Furs Civil Penalty and Criminal Cases

During fiscal 1968 a judgment in the amount of \$15,000 was entered in a civil penalty case. APPENDIX

Marks Furs, Inc., (E.D. Mich.). Making pricing claims as to fur products without maintaining records showing the basis for such claims.
Irving Rifkin, (S.D.N.Y.). Misbranding imported woolen fabrics.

Criminal Cases Pending

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

General Investigations by the Commission Since 1975

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

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

Agencies initiating or requesting investigations are indicated in parentheses in the headings.

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 mergers;⁵ unbalanced agricultural-industrial relations; cooperative associations; production financing; transportation; and terminal markets. Its recommendations for improvement of the Perishable Agricultural Commodities Act were adopted by Congress in amending that act. (Public, 328, 75th) in 1937. [Report of the F.T.C. on Agricultural Income Inquiry, Part I, Principal Farm Products, 1,134 p., o.p. 3/2/37 (summary, conclusions, and recommendations, S. Doc. 54, 75th, 40 p., o.p.); Part II, Fruits, Vegetables, and Grapes, 906 p., 6/10/37, o.p.; Part III, Supplementary Report, 154 p., 11/8/37; and interim reports of 12/26/35 (H. Doc. 380, 74th, 6 p.), and 2/1/37 (S. Doc. 17, 75th, 16 p., o.p.).]

Agricultural Prices.—See Price Deflation.

Antibiotics Manufacture (F.T.C.).—Because of the rising importance and the cost of antibiotic drugs, and the lack of published information on their production, a Commission resolution of July 13, 1956, authorized the study which appeared as Economic Report on Antibiotics Manufacture (361 p., 6/27/58). This volume covered the origin and history of the industry, the companies manufacturing antibiotics, production processes, marketing, prices, costs, profits, patents and trademarks, and public health aspects.

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

Automotive Tires.—See Tires, Manufacture and Distribution of

Bakeries and Bread.—See under Food.

Baking Industry.—See under Food.

Beet Sugar.—See under Food—Sugar.

Bread Prices—See Milk and Bread Prices.

Building Materials.—See Distribution Methods and Costs.

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

Canned Fruit, Juice and Vegetable Industry.—See Food Marketing, Part III.

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

⁴ F.T.C. recommendations that section 7 of the Clayton Act be amended

Cement (F.T.C.).—In its Economic Report on Mergers and Vertical Integration in the Cement Industry, the Commission reviews recent developments in the cement and ready mixed concrete industries in the United States with particular reference to the merger movement which has brought about a large degree of vertical integration between two industries. The report develops data on trends in the structure and performance of 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.

Coal (Congress and F.T.C., Wartime,

legislation striking at this practice; Commercial Bribery (S. Doc. unnumbered, 65th, 36 p., o.p., 8/22/18); and Commercial Bribery (S. Doc. 258, 66th, 7 P., o.p., 3/18/20).

Concentration in Manufacturing, Changes in, 1935 to 1947 and 1950 (F.T.C.).—This 153-page report shows that, on the basis of a study of the top 200 companies, concentration in American manufacturing was 2.8 percentage points higher in 1950 than in 1935. The report explores the reasons for the changes in recorded concentration in individual industries.

Concentration of Productive Facilities (F.T.C.).—In a study of the extent of concentration of economic power, the Commission reported that 46 percent of the total 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*, 157 p., 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 to Congress (3/11/47), was in two parts: Part I—*The Copper Industry of the United States and International Copper Cartels*, and Part II—*Concentration and Control by the Three Dominant Companies*, 420 p., o.p. The Commission reported that "The copper situation is particularly serious, not only because of the concentration of control of the ore reserves and of the productive capacity, but also because the domestic supply is inadequate to meet the demands of high level national production and employment. Furthermore, the production of foreign copper, on which the United States will become increasingly dependent, is likewise dominated by a few, corporate groups which in the past have operated cooperatively in cartels to regulate production and prices."

Corporation Reports.—See *Quarterly Financial Reports*.

Corporate Mergers and Acquisitions (F.T.C.).—To determine the impact on the Nation's economy of corporate mergers and acquisitions, the Commission made a study of the merger movement for the years 1940–46, inclusive. The results of the study were transmitted to Congress in a report entitled *The Present Trend of Corporate Mergers and Acquisitions* (23 p., o.p., 3/7/47), which showed, among other things, that during the period covered, more than 1,800 formerly independent competitive firms in manufacturing and mining industries alone had disappeared as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only three industries, food, nonelectrical machinery, and textiles and apparel—all predominantly "small business" fields.

In 1948 the Commission published *The Merger Movement: A Summary Report* (134 p., o.p., also 7 p. processed summary). In this report the legal history of the antimerger provisions of the Clayton Act is reviewed. Significant individual mergers are examined

in detail. Maps, diagrams, charts and tabular statistical materials are used to illustrate the economic effects of the then in force antimerger legislation.

The Report on Corporate Mergers and Acquisitions (210 p.) was published in May 1955. This study, bringing up to date much of the statistical material in the 1947 and 1948 reports, showed, among other things, that 1,773 formerly independent competitive firms in manufacturing and mining industries alone had disappeared in the period 1947–54 as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only 3 industries, food, nonelectrical machinery, and textiles and apparel—all predominantly small business fields.

Cost Accounting.—See Accounting Systems.

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., 228/30, 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, Electrical Household Appliances, and Agricultural Implants.

(6/30/45, 118 P.) ; and Part IX, Cost of Production and Distribution of Fish on the Pacific Coast (7/25/46, 82 p.). The inquiries relating to fish were conducted in cooperation with the Coordinator of Fisheries, Interior Department. During World War II special reports on the distribution of some 20 commodity groups were made for confidential use of the Office of Price Administration and other war agencies.

Divergence Between Plant and Company Concentration (F.T.C.).—In this 1950 report, the Commission measured the divergence between plant and company concentration for each of 340 manufacturing industries. The Divergence between Plant and Company Concentration, 1947 (162 p., o.p.). See also Concentration of Productive Facilities.

Du Pont Investments (F.T.C.).—The Report of the F.T.C. on Du Pont Investments (F.T.C. motion 7/29/27; report, 46 p., o.p. processed, 2/1/29) discussed reported acquisition by E. I. du Pont de

Flags (Senate), Wartime, 1917–18.—Unprecedented increases in the prices of U.S. flags in 1917, due to wartime demand, were investigated (S. Res. 35, 65th, 4/16/17). The inquiry was reported in Prices of American Flags (S. Doc. 82, 65th, 6 p., o.p., 7/26/17).

Flour Milling.—See Food, below.

Food (President)—Bakeries and Flour Milling.—One F.T.C. report was published by the Food Administration (U.S. Food Administration, Report of the F.T.C. on Bakery Business in United States, pp. 5–13, o.p. 1133/17). Other reports were: Food Investigation, Report of the F.T.C. on Flour Milling and Jobbing (4/4/18, 27 p., o.p.) and Commercial Wheat Flour Milling (9/15/20, 118 p., o.p.).

Food—Baking Industry (F.T.C.).—This report is a study of the baking industry in the United States. It is a report of the Federal Trade Commission's Economic Report on the Baking Industry, published in 1920. The report is a study of the baking industry in the United States, and is a report of the Federal Trade Commission's Economic Report on the Baking Industry, published in 1920. The report is a study of the baking industry in the United States, and is a report of the Federal Trade Commission's Economic Report on the Baking Industry, published in 1920.

faced by the industry. It is divided into four parts: (1) The origin, development and organization of the Florida citrus

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 the group of firms producing and marketing frozen fruit, juices and vegetables. Included in the study are chapters reviewing: production and consumption patterns; concentration, diversification and integration; marketing patterns; production, promotion and profits; and patterns of merger activity. (Economic Inquiry into Food Marketing, Part II, The Frozen Fruit, Juice and Vegetable Industry, 145 p., December 1962.)

Food—Marketing (F.T.C.).—This is the third in a series of staff reports concerning various segments of the food industry undertaken pursuant to a Federal Trade Commission resolution adopted October 9, 1958. Part III represents an extensive inquiry into the industrial organization of the canned fruit, juices, and vegetable industry. Various aspects of market structure including patterns of concentration, integration and diversification are examined in detail. Data on marketing patterns, costs, product promotion and profits are also presented. The impact of merger activity on industry structure and performance is considered along with a discussion of competitive trends. (Economic Inquiry into Food Marketing, Part III, The Canned Fruit, Juice and Vegetable Industry, 207 p., June 1965.)

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 Foods off the Farm (10/30/18, 146, p., o.p.) and Summary of the Meat-packing Industry (11/25/18, 294, p., o.p.)

Food—Milk and Dairy Products (House).—Competitive conditions in different milk-producing areas were investigated (H. Con. Res. 32, 73d, 6/15/34). Results of the inquiry were published in seven volumes: Report of the F.T.C. on the Sale and Distribution of Milk Products, Connecticut and Philadelphia Milksheds (H. Doc. 152, 74th, 901 p., o.p., 4/5/35); Report of the F.T.C. on the Sale and Distribution of Milk and Milk Products (Connecticut and Philadelphia milksheds, interim report, H. Doc. 387, 74th, 125 p., o.p., 12/31/35); Chicago Sales Area (H. Doc. 451, 74th, 103 p., o.p., 4/15/36); Boston, Baltimore, Cincinnati, St. Louis (H. Doc. 501, 74th, 243 p., o.p., 6/4/36); Twin City Sales Area (H. Doc. 506, 74th, 71 p., o.p., 6/13/36); and New York Milk Sales Area (H. Doc. 95, 75th, 138 p., o.p., 9/30/36). The Commission reported that many of the industry's problems could be dealt with only by the States and recommended certain legislation and procedure, both State and Federal (Summary Report on Conditions)With Respect to the Sale and Distribution of Milk and Dairy Products. H. Doc. 94, 75th, 39 p., o.p., 1/4/37). Legislation has been enacted in a number of States carrying into effect all or a portion of the Commission's recommendations.

Food—Milk and Milk Products (Senate), Wartime, 1917–18—Covering an inquiry (S. Res. 431, 65th, 3/3/19) into fairness of milk prices to producers and of canned milk prices to consumers, the Report of the F.T.C. on Milk and Milk Products 1914–18 (6/6/21, 234 p., o.p.) showed a marked con

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

Food—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, 25 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. I which prohibited these practices was only partially observed, in 1945 as compared with 1942, the quantity of bread saved was sufficient to supply the population of England, Scotland, and Wales with a daily ration of one-third of a loaf for 30 days, the population of France for 36 days, or the population of Finland for nearly 1 year. The Commission suggested that "a careful examination of present laws be made by the legislative and executive branches of the Government to determine what legislation, if any, is needed to permanently eliminate wasteful trade practices and predatory competition which threaten the existence of many small bakers, foredoom new ventures to failure and promote regional monopolistic control of the wholesale bread baking industry."

Part II presents information concerning prices and pricing practices in the industry, profits earned, and Part I p. 27

Gasoline (F.T.C.) .—This is a statement of the guidelines and enforcement policy designed to prevent anticompetitive practices in the marketing of gasoline. (The Federal Trade Commission's Report on Anticompetitive Practices in the Marketing of Gasoline, 67 p. plus separate opinions, 6/30/67.)

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

Interlocking Directorates (F.T.C.).—This 1950 report on Interlocking Directorates summarizes the interlocking relationships among directors of the 1,000 largest manufacturing corporations. It also covers the interlocking directorates between these corporations and a selected list of banks, invi,ej 13.56 0 TD 0 bat t584 ng

Open-Price Associations (Senate).—An investigation (S. Res. 28, 69th, 3/17/25) to ascertain the number and names of so-called open-price associations, their importance in industry and the extent to which members maintained uniform prices, was ^{and to}

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

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

accountants, and other experts, based on examination of 29 holding companies having \$6,108,128,713 total assets; 70 subholding companies with \$5,685,463,201 total assets; and 278 operating companies with \$7,245,106,464 total assets. The testimony, exhibits, and final reports (Utility Corporations, S. Doc. 92, 70th, o.p.) comprised 95 volumes.

Federal Communications Act of 1934. The investigation was followed by Commission and Department of Justice

Steel Code and Steel Code as Amended (Senate and President).—The Commission investigated (S. Res. 166, 73d, 2/2/34) price fixing, price increases, and other matters (Practices of the Steel Industry Under the Code, S. Doc. 159, 73d, 79 p., o.p., 3/19/34) and the Commission and N.R.A. studied the effect of the multiple basing-point system under the amended code (Report of the F.T.C. to the President in Response to Executive Order of May 30, 1934, With Respect to the Basing-point System in the Steel Industry, 125 p., o.p., 11/30/34).¹⁷ The Commission recommended important code revisions.

Steel Companies, Proposed

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, 6th, 38 p., o.p., 1/20/25).

Textiles —Cotton Trade (Senate).—Investigation (S. Res. 262, 67th, 3/29/22) involved a decline in cotton prices, 1920-22, as reported in Preliminary Report of the F.T.C. on the Cotton Trade (S. Doc. 311, 67th, 28 p., o.p., 2/26/23). After a second inquiry (S. Res. 429, 67th, 1/31/23), the Commission recommended certain reforms in trading 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

Tobacco Prices (Congress).—Inquiries with respect to a decline of loose-leaf tobacco prices following the 1919 harvest (H. Res. 533, 66th, 6/3/20) and low tobacco prices as compared with high prices of manufactured tobacco products (S. Res. 129, 67th, 8/9/21) resulted in the Commission recommending modification of the 1911 decree (dissolving the old tobacco trust) to prohibit permanently the use of common purchasing agencies by certain companies and to bar their purchasing tobacco under any but their own names (Report of the F.T.C. on the Tobacco Industry, 162 p., o.p., 12/11/20, and Prices of Tobacco Products, S. Doc. 121, 67th, 109 p., o.p., 1/17/22).

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base antifreeze solutions. While production of these products had ceased, great quantities were reported to be still in the hands

Fertilizer and Related Products (O.P.A.), Wartime,

the largest manufacturers in the United States of household hot air furnaces, to determine whether its practices in selling and servicing domestic heating plants were in violation of Orders L~~n~~79 and P~~n~~4, and other applicable regulations and orders of W.P.B.

Fuse Manufacturers (W.P.13.), Wartime, 1942–43.—For the War Production Board the Commission investigated and reported on the activities of representative fuse manufacturers whose operations were subject to W.P.B. Limitation Orders L~~n~~58 and L~~n~~161, as amended.

Glycerin, Users of (W.P.B.), Wartime, 1942–43.—At the request of the War Production Board, paint and
L~~n~~10 (Glycerin) T~~n~~ 03 T~~n~~ (D) T~~n~~ 1c (8) C~~n~~ 2.8863 T~~n~~ (D) (Production) T~~n~~ 1.7546 T~~n~~ (D) 0014 T~~n~~ (C) 90j08.92 243D30.0061 T~~n~~

Paint, Varnish, and Lacquer Manufacturers (W.P.B.),

Steel Costs and Profits (O.P.A.), Wartime, 1942–43.—A report on the Commission's survey of costs, prices and profits in the steel industry, begun in April 1942 at the request of O.P.A., was made to that agency. The inquiry covered 29 important steel producing companies.

Steel Industry (O.P.M.), Wartime, 1941–42.—This investigation covered practically every steel mill in the country and was conducted for the purpose of determining, the manner in which the priorities and orders promulgated by the Office of Production Management were being observed, i.e., the technique used in the steel industry in meeting the requirements of O.P.M. (later the War Production Board) orders and forms controlling the distribution of pig iron, iron and steel, iron and steel alloys, and iron and steel scrap.

Textile Mills, Cotton (W.P.B.), Wartime, 1943–44.—For the War Production Board the Commission conducted a compliance investigation of manufacturers of cotton yarns, cordage, and twine to ascertain whether they were in violation of Priorities Regulation 1, as amended, by their failure to fill higher rated orders at the time they filled lower rated orders.

Tin Consumers (W.P.B.), Wartime, 1942–43.—The principal consumers of tin were investigated at the instance of the War Production Board to determine the degree of their compliance with Conservation Order 430a, as amended, and other orders and regulations issued by the Director of the Division of Industry Operation, controlling the inventories, distribution, and use of the tin supply in the United States.

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

Wartime Inquiries, 1941–45.—To aid in the 1941–45 war program, F.T.C. was called upon by other Government departments, particularly the war agencies, to use its investigative, legal, accounting statisti9 ED 0115 (1) Ex 2