

INTRODUCING
THE
FEDERAL TRADE COMMISSION

MR. EATON: Perhaps, Chairman Freer, you first should tell us the make-up of the Federal Trade Commission.

MR. FREER: Established in 1914, the Commission has continued as an independent, bi-partisan board consisting of five members,

No two of their seven-year terms of office expire in the same year. Including everyone from Commissioners to mes-

sengers, the staff in normal times numbers around 600. Today we have about 475, the greater part of whom are lawyers, accountants, economists and statisticians.

MR. FREER: The Wool Products Labeling Act, popularly known as the "Truth in Fabrics Law," as the name implies, sets up standards for labeling products which contain or purport to contain wool, and requires revelation of the presence of substitute fibers. The Clayton Act makes illegal price discriminations and tying contracts where they tend to lessen competition or create a monopoly. The Export Trade Act permits businessmen engaged solely in foreign trade to form associations for selling their product abroad. Under the provisions of this law they file appropriate reports regarding their organization and operations, and the Commission exercises continuing supervision to make certain that trade is not restrained or prices artificially enhanced in our own country.

MR. EATON: Won't you name some of the practices which in the Commission's decisions have been held to violate the laws which it administers?

most common -- but included in the roll call are conspiracies and combinations to fix prices or control production, commercial bribery, disparagement through false statements respecting a competitor's product or business, boycotts to prevent classes of dealers or wholesalers from procuring goods, operation of crooked prize contests, to name a few. False or deceptive advertising embraces any material misrepresentation concerning the quality, origin, purity, or the attributes or effectiveness claimed for any article which your household or mine may buy, including such important commodities as food, drugs and cosmetics.

MR. EATON: Will you cite an example or two?

MR. FREER: A few years ago a moving picture was advertised as "an authentic, incontrovertible, celluloid document showing the

Of course this case isn't exactly typical any more

than one involving a perfume for men, called "Oriental Love Drops," advertised as guaranteed to make a man irresistible to his lady love.

MR. EATON: But you say those cases are not typical?

MR. FREER: They merely illustrate the range, Mr. Eaton. You must remember that almost every untruthful statement, whether

vertiser bears the expense of dissemination is intended to influence you and me to choose his goods. More often than not he alone has the true facts. Where, for example,

few decades ago cornmeal, rolled oats and middlings were sold in bulk and the purchaser had an opportunity to inspect the goods and to thus supplement the vendor's repre-

magazine advertisements and of radio commercials is scruti-

review by attorneys. If there is reason to believe that they may be misleading or false, the advertiser is invited to submit support for his claims. If the advertising statements are warranted by the facts, the matter is closed. If either field or office investigation discloses that statements are not true, corrective action is instituted.

MR. EATON: When the Commission issues one of such cease and desist orders declaring an act or practice "out of bounds" does the Commission also punish the offender by imposing a fine or penalty too?

MR. FREER: Absolutely not! The Commission's order to cease and desist is directed to future conduct. If such order is obeyed