

ANNUAL REPORT
OF THE
FEDERAL
TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30
1950



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FEDERAL TRADE COMMISSION

JAMES M. MEAD, Chairman
WILLIAM A. AYRES
LOWELL B. MASON
JOHN CARSON
STEPHEN J. SPINGARN¹
D. C. DANIEL, Secretary

FEDERAL TRADE COMMISSIONERS—1915-50

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar. 16, 1915-Mar. 18, 1918.
Edward N. Hurley	Illinois	Mar. 16, 1915-Jan. 31, 1917.
William J. Harris	Georgia	Mar. 16, 1915-May 31, 1918.
Will H. Parry	Washington	Mar. 16, 1915-Apr. 21, 1917.
George Rublee	New Hampshire	Mar. 16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar. 16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917-Nov. 30, 1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Huston Thompson	Colorado	Jan 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1, 1920-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1920-Sept. 25, 1921.
John P. Nugent	Idaho	Jan. 15, 1921-Sept. 25, 1927.
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31, 1926.
Charles W. Hunt	Iowa	June 16, 1924-Sept. 25, 1932.
William E. Humphrey	Washington	Feb. 25, 1925-Oct. 7, 1933.
Abram F. Myers	Iowa	Aug. 2, 1926-Jan. 15, 1929.
Edgar A. McCulloch	Arkansas	Feb. 11, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov. 14, 1927-Nov. 15, 1949.
Charles H. March	Minnesota	Feb. 1, 1929-Aug. 28, 1945.
Edwin L. Davis	Tennessee	May 26, 1933-Oct. 23, 1949.
Raymond B. Stevens	New Hampshire	June 26, 1933-Sept. 25, 1933.
James M. Landis	Massachusetts	Oct. 10, 1933-June 30, 1934.
George C. Mathews	Wisconsin	Oct. 27, 1933-June 30, 1934.
William A. Ayres	Kansas	Aug. 23, 1934.
Robert E. Freer	Ohio	Aug. 27, 1935-Dec. 31, 1948.
Lowell B. Mason	Illinois	Oct. 15, 1945.
John Carson	Michigan	Sept. 28, 1949.
James M. Mead	New York	Nov. 16, 1949.
Stephen J. Spingarn	New York	Oct. 25, 1950.

EXECUTIVE OFFICES OF THE COMMISSION

Pennsylvania Avenue at Sixth Street, Washington 25, D.C.

BRANCH OFFICES

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 Van Buren Street, Chicago 7.

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 Street, New Orleans 12

¹ Commissioner Spingarn took office October 25, 1950, under a recess appointment. See footnote 3, p. 5.

LETTER OF SUBMITTAL

To the Congress of the United States:

I have the honor to submit herewith the Thirty-sixth Annual Report of the Federal Trade Commission, for the fiscal year ended June 30, 1950. The Federal Trade Commission is having printed a limited number of copies of the report.

By direction of the Commission.

JAMES M. MEAD, Chairman.

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ANNUAL REPORT
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FEDERAL TRADE COMMISSION
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FISCAL YEAR ENDED JUNE 30, 1950

INTRODUCTION

PURPOSE AND HISTORICAL BACKGROUND

The Federal Trade Commission was organized as an independent administrative agency March 16, 1915, under the provisions of the Federal Trade Commission Act, which was approved September 26, 1914. It consists of five members, appointed by the President with the advice and consent of the Senate.

The primary purpose of the Commission is to foster the successful operation, in the public interest, of the American economic system of free competitive enterprise. Under its organic act, as well as under four other statutes, the duties of the Commission are of a dual nature: (1) To keep competition free and fair, and (2) to prevent deception of the consuming public.

In its antimonopoly program, the Commission institutes legal proceedings and publishes economic reports designed to free the channels of interstate trade from oppressive restraints so that buyers may have the widest possible freedom of choice, with prices determined by the interplay of competitive forces, and offered without monopolistic control or discrimination. Its antideceptive program seeks to prevent the dissemination of false and misleading advertisements, the misbranding of a variety of products, and other forms of misrepresentation.

The basic principle underlying the activities of the Commission is that the well-being of the economy and of the individual citizen depends on free and fair competition in an open market.

Creation of the Commission was in response to the demand in the early 1900's for an effective supplemental means of carrying out the public policy enunciated in the Sherman Antitrust Act of 1890. The Federal Trade Commission Act laid down a general prohibition against "unfair methods of competition"; the Clayton Antitrust Act outlawed specific practices which experience had shown to be instruments of monopoly. Armed with these statutory weapons, the Com-

mission was authorized and directed to stop monopolistic and other unfair practices in their early stages. As a Federal administrative agency, acting quasi-judicially and quasi-legislatively, it was established to deal with trade practices on a continuing and corrective basis. Vested with no authority to punish, it was authorized, however, to order discontinuance of practices which it found to be "unfair," promotive of monopoly, or tending substantially to lessen competition.

To allow flexibility in dealing with a fluid and expanding economy, the legislative standard laid down in the Federal Trade Commission Act was purposely broad. The statute made unlawful "unfair methods of competition." The courts ruled at an early date that the exact meaning and application of this term must be arrived at by "the gradual process of judicial inclusion and exclusion." Acting in the public interest, the Commission has applied the prohibition against a host of practices which the Supreme Court of the United States has described as "opposed-to good morals because characterized by deception, bad faith, fraud, or oppression, or as against public policy because of their dangerous tendency unduly to hinder competition or create monopoly."

Greater protection of the consuming public against deceptive selling practices was the principal objective of the Wheeler-Lea amendment to the Federal Trade Commission Act in 1938. While retaining the ban against "unfair methods of competition," this act also prohibited "unfair or deceptive acts or practices in commerce." Its practical effect was to make injury to the public a sufficient basis for Commission action. The amendment was necessitated by court decisions holding that before the Commission could prohibit an "unfair" practice, it must prove injury to an actual or potential competitor.

In addition, the Wheeler-Lea Act expanded and strengthened the Commission's jurisdiction over false advertising of food, drugs, cosmetics, and curative devices. It also made more effective the orders issued by the Commission. Under the amendment, orders become "final" unless court review is sought within a specified period, and civil penalties are prescribed for subsequent violations.

The penalty provision was further strengthened by an amendment passed by the Eighty-first Congress and approved by the President March 16, 1950.¹ Although retaining \$5,000 as the maximum penalty for each separate violation of a final Commission cease-and-desist order, it provides that "in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense." The same statute also adds to the Federal Trade Commis-

¹ Sec. 4 (c), Public Law 459, 81st Cong. (An act to regulate oleomargarine, etc.)

sion Act a specific prohibition against misrepresentation of oleomargarine as a dairy product.

Another significant function of the Commission is the conduct of general economic investigations and the submission of the resulting reports to the Congress, to the President, and to the public, with recommendations for remedial legislation where needed. In addition to providing the basis for considerable legislation, publication of Commission reports spotlighting uneconomic or otherwise objectionable trade practices has resulted in voluntary changes in the conduct of business in many industries, with attendant benefits to both industry and the public.

Other statutes administered by the Commission, besides the Federal Trade Commission Act and the Clayton Act, are the Export Trade Act, the Wool Products Labeling Act, and certain sections of the Lanham Trade-Mark Act.

DUTIES OF THE COMMISSION

In the administration of the five statutes committed to its jurisdiction, the principal responsibilities of the Commission are:

(1) To promote free and fair competition in interstate commerce in the interest of the public through prevention of price-fixing agreements, boycotts, combinations in restraint of trade, other unfair methods of competition, and unfair or deceptive acts or practices (Federal Trade Commission Act, sec. 5).

(2) To safeguard the consuming public by preventing the dissemination of false or deceptive advertisements of food, drugs, cosmetics, and devices (Federal Trade Commission Act, sees. 12 through 15).

(3) To prevent certain unlawful price and other discriminations, exclusive-dealing and tying contracts and arrangements, acquisitions of the stock of competitors, and interlocking directorates (Clayton Act, sees. 2, 3, 7, and 8).

(4) To protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in manufactured wool products (Wool Products Labeling Act).

(5) To supervise the registration and operation of associations of American exporters engaged solely in export trade (Export Trade Act).

(6) To petition for the cancellation of the registrations of trademarks which were illegally registered or which have been used for purposes contrary to the intent of the Trade-Mark Act of 1946 (Lanham Trade-Mark Act).

(7) To gather and make available to the Congress, the President, and the public, factual data concerning economic and business condi-

tions as a basis for remedial legislation where needed, and for the guidance and protection of the public (Federal Trade Commission Act, sec. 6).

In discharging these manifold functions of law enforcement, the Commission utilizes two major types of proceedings to effectuate observance of the laws. One is the formal trial method, in which the proceedings are similar to those used in court cases. Cases are instituted by issuance of a formal complaint charging a person or corporation with violation of one or more of the statutes administered by the Commission. If, after hearings, the charges are found to be supported by reliable, probative, and substantial evidence, an order to cease and desist from the unlawful practices is issued. The second type of proceeding is of a voluntary or cooperative nature, in contrast to the formal trial procedure. In this classification are embraced (1) trade practice conference proceedings for industries and (2) individual stipulation-agreements.

Trade practice conferences provide a means whereby members of an industry may cooperate with the Commission in the establishment of rules for the prevention of unfair practices on an industry-wide basis. Under the stipulation procedure, certain types of cases are settled by agreement without the necessity of formal adversary proceedings. These functions are centralized in the Bureau of Industry Cooperation.

The Commission has expanded its cooperative program in an effort to bring about more widespread observance of the law with a minimum of delay and expense. Cases are not disposed of by voluntary agreement, however—either through trade practice conference proceedings or through stipulation-agreements—if they involve violations of the Clayton Act, combination or collective action in restraint of trade, or practices which are fraudulent or inherently dangerous to public health. (The Commission's policy in this field is set forth at page 127.)

In both the formal trial procedure and the cooperative program, increasing emphasis has been placed on industry-wide elimination of unlawful practices.

THE COMMISSIONERS AND THEIR FUNCTIONS

The five Commissioners are appointed by the President, subject to Senate confirmation. Not more than three of them may be members of the same political party.

Appointment of a Commissioner is for a term of 7 years, dating from the 26th of September² last preceding his nomination, unless

² September 26 marks the anniversary of the approval of the Federal Trade Commission Act in 1914.

he succeeds a Commissioner relinquishing office prior to expiration of his term. In such cases, the statute provides that the new member shall be appointed only for the unexpired term. Upon the expiration of his term of office, a Commissioner continues to serve until the appointment and qualification of his successor. The chairman of the Commission is appointed by the President.

Members of the Commission as of June 30, 1950, were James M. Mead, Democrat, of New York, chairman; William A. Ayres, Democrat, of Kansas; Lowell B. Mason, Republican, of Illinois; and John Carson, Independent, of Michigan. There was one vacancy occasioned by the death October 23, 1949, of Commissioner Ewin L. Davis, Democrat, of Tennessee.³

Each case coming before the Commission for consideration is assigned to a Commissioner for examination and report before it is acted upon. The Commissioners meet each working day for the transaction of business, including the hearing of oral argument in formal cases. They usually preside individually at industry trade-practice conferences.

While the administrative management of the agency is vested in the chairman, the Commissioners are responsible for the policies of the Commission and pass on management matters of primary significance, such as the appointment of the heads of major administrative units, the revision of budget estimates, and the distribution of appropriated funds according to major programs and purposes.

CHANGES IN ORGANIZATION AND PROCEDURES

The fiscal year 1900 was marked by several major changes in organization and procedures.

Reorganization Plan No. 8, prepared by the President in accordance with the Reorganization Act of 1949, became effective May 24, 1950. Based on recommendations submitted by the Hoover Commission, it vested in the President the power to appoint the chairman of the Federal Trade Commission, instead of his being selected by the Commissioners on a rotation basis, as formerly. At the same time, it transferred to the chairman thus appointed, subject to specified limitations, the executive and administrative functions formerly exercised by the Commission as a whole, including the appointment and supervision of personnel, the distribution of business among personnel and among administrative units, and the use and expenditure of funds.

³ To fill this vacancy President Truman nominated Stephen J. Spingarn, Democrat, of New York, on September 22, 1950. When the Senate recessed without acting on the nomination, Mr. Spingarn was given a recess appointment on October 21 and took the oath of office October 25. The Senate confirmed the nomination on December 21.

In approving the plan, the President said it was expected to result in "more businesslike and effective administration" of the Commission's regulatory program.

A reorganization of the Commission's internal structure was also made effective during the year. This reorganization organized the work of the Commission, as nearly as possible, by major purposes. It integrated related functions in each line of Commission activity and provided over-all direction of each line of activity. Reflecting to a major degree the suggestions and recommendations of the Hoover Commission and its Task Forces on the Regulatory Commissions and General Management of the Executive Branch, the reorganization was designed, the Commission said, to accomplish these purposes:

1. To relate its investigations of complaints with the trial work which may develop therefrom so as to eliminate waste of effort and reduce cost in litigated matters.

2. To associate its economic investigations with the preparation and trial of cases so that these investigations will give guidance and direction to the antimonopoly program, and conditions which encourage monopolistic developments and practices will be treated in their incipiency.

3. To eliminate delay in the handling of cases.

4. To promote the development of its cooperative work with industry.

One of the principal changes effected by the reorganization was to coordinate the investigation and trial of formal cases. Formerly, the Commission was organized by administrative process or procedure; investigation of all types of cases was the function of the Bureau of Legal Investigation, and, similarly, the trial of all types of cases was the function of the Bureau of Litigation. Finding that investigations to develop facts upon which charges were brought have been too much separated from the trial of cases, the Commission reorganized its internal structure and its investigative and trial staffs so as to integrate the two functions. Accordingly, both investigation and trial of all antimonopoly cases were brought together in the Bureau of Antimonopoly, and the investigation and trial of all cases involving deceptive practices were brought together in the Bureau of Antideceptive Practices.

The reorganization also provided for relating more intimately the work of the Bureau of Industrial Economics with the work of the Bureau of Antimonopoly. "If free enterprise is to be preserved," the Commission said, "the determination of economic facts is a prime requisite in this work."

In calling for greater development of cooperative work with industry, the Commission consolidated the former Bureau of Trade Practice Conferences and the Bureau of Stipulations into a Bureau of Industry Cooperation. It also created the position of assistant general counsel in charge of industry cooperation.

In another move designed to speed up the disposition of formal cases, the Commission authorized its trial examiners to make "initial decisions" in the cases they hear. These decisions then become Commission decisions unless the parties appeal to the Commission or unless the Commission, on its own initiative, docket the case for review.

The former practice was for trial examiners to make "recommended decisions," with the "initial decision" being made by the Commission.

The new procedure, which is authorized by the Administrative Procedure Act, has the effect of making trial examiners an initial trial court from whose decisions appeals may be made to the Commission by respondents or by counsel supporting complaints. It is expected to eliminate much duplication of work and thus speed action on cases.

STAFF ORGANIZATION

Commission employees, as of June 30, 1950, numbered approximately 650, including attorneys, economists, accountants, statisticians and administrative personnel stationed in Washington and in branch offices in New York, Chicago, San Francisco, Seattle, and New Orleans. The Commission's staff organization at the close of the fiscal year included the following operating bureaus and divisions:

Office of the Secretary and Executive Director.—The choice of the Secretary and Executive Director is the central office of the Commission through which most of the work flows to and from the Commission. The duties of the office are of a dual nature.

In his capacity as Secretary to the Commission, the Secretary and Executive Director receives and handles mail on all phases of the Commission's work, either assigning it to the appropriate officials for attention or preparing and dispatching replies for or at the direction of the Commission. He signs all orders and certain other official documents and papers of the Commission. He keeps the minutes of the Commission and the calendar of pending matters for the Commissioners. He arranges for oral arguments before the Commission and issues the directives of the Commission. He is the legal custodian of the seal, papers, records, and property of the Commission.

In his capacity as Executive Director, the Secretary and Executive Director assists the Chairman in the general management of the Commission. He examines and surveys the operations of the Com-

mission and makes recommendations for organizational and procedural improvements. He also is director of the Bureau of Administration, composed of the staff units engaged in administrative functions. These units are the Division of Budget and Planning, Division of Personnel, Division of Research, Compiling and Publications, Division of Legal Records, Division of Economic and Administrative Records, Division of Services and Supplies, the Library, and Office of Public Information.

Office of the General Counsel.—The General Counsel is the principal legal officer of the Commission, advising the Commission on questions of law, policy, and procedure arising in connection with litigation before the agency or in the Federal courts, or in connection with legislative and other matters. Grouped under the General Counsel are five divisions, each headed by an Assistant General Counsel. These divisions and their duties are as follows: (1) Assistant General Counsel in Charge of Appeals—representing the Commission in appellate proceedings in the Federal courts; (2) Assistant General Counsel in Charge of Special Legal Assistants—furnishing legal assistance to the Commission or its individual members in connection with formal proceedings before the Commission; (3) Assistant General Counsel in Charge of Compliance—processing matters involving enforcement of orders to cease and desist; (4) Assistant General Counsel in Charge of Industry Cooperation—advising the Commission on legal and other problems involved in its program of industry cooperation; and (5) Assistant General Counsel in Charge of Trade-Marks and Insurance—representing the Commission before the Patent Office and United States courts in the submission and prosecution of petitions in trademark cancellation proceedings, and advising the Commission on jurisdictional and other problems involved in applying the Federal Trade Commission Act and the Clayton Act to the insurance business.

Bureau of Antimonopoly.—The function of investigating and trying all antimonopoly cases is centered in this bureau. Headed by a Director and an Assistant Director, the Bureau consists of a Division of Investigation and litigation, which handles antimonopoly cases from investigation to order, and a Division of Export Trade, which administers the provisions of the Export Trades Act—conducting investigational hearings and submitting to the Commission the resulting reports, together with recommendations, concerning the operations of export associations.

Bureau of Antideceptive Practices.—Investigation and trial of unfair and deceptive practices violative of the Federal Trade Commission Act and misbranding of wool products in violation of the Wool Products Labeling Act are the responsibilities of this bureau. Its

operating divisions are the Division of Investigation, Division of Litigation, Division of Wool Act Administration, Division of Radio and Periodical Advertising, and Division of Medical Opinions.

Bureau of Industry Cooperation.—This Bureau comprises the Division of Trade Practice Conferences and the Division of Stipulations. The Bureau is under the direction of a Director and an Assistant Director.

The Division of Trade Practice Conferences is under the immediate supervision of the Assistant Director, who is also Chief of the Division, and is comprised of a rule-making unit and a rule-administration unit, each in charge of an assistant chief of the division. The rulemaking unit handles all matters regarding the holding of trade practice conferences and the drafting of rules to the point of final promulgation. The rule-administration unit handles all matters concerning interpretation of and compliance with established trade practice rules.

The Division of Stipulations consists of a chief, assistant chief, and a staff of attorney-conferees. All matters considered appropriate for settlement by the Commission's stipulation procedure are referred to this division for the negotiation of voluntary agreements to cease and desist from unlawful practices. The Division takes no part in the investigation or prosecution of any matter.

Bureau of Industrial Economics.—The Bureau of Industrial Economics acts as a general economic staff in obtaining and analyzing the economic information used by the Commission in developing its antimonopoly programs. It renders economic and accounting services to the legal staff in the investigation and trial of antimonopoly cases and in the enforcement of the Commission's orders in such cases. The Bureau performs those statutory functions of the Commission which relate to general economic surveys and investigations (as distinguished from legal investigations arising out of charges of violation of the law) of the practices and policies of corporations in interstate commerce. It prepares economic and financial reports. The work of the Bureau is in charge of a Director who is also Chief Economist. The Assistant Chief Economist, the Chief Accountant, and the Chief Statistician supervise the three operating divisions.

The Division of Economics conducts general economic surveys and investigations for the purpose of ascertaining the competitive practices, the nature and significance of monopolistic arrangements, and the degree of concentration in a given industry, and for the purpose of reporting on general economic conditions within the field of the Commission's jurisdiction. It assembles and analyzes economic information needed in the development of an antimonopoly program. In addition it provides economic assistance at all stages in the prepara-

tion and conduct of legal cases, including the evaluation, from an economic viewpoint, of pricing policies and distribution practices in relation to the legal issues of collusive price-fixing and monopoly controls. Economic information in connection with trade practice conference proceedings is likewise furnished by this division.

Accounting services in connection with the investigation and trial of cases, as well as in connection with general economic investigations, are performed by the Division of Accounting. It prepares cost and price studies, and its staff members act as witnesses in cases arising under the Clayton Antitrust Act and the Federal Trade Commission Act. It also prepares the financial and cost data in general economic investigations.

The Division of Statistics and Financial Reports collects, summarizes, and analyzes the financial operating statements of American manufacturing corporations. On the basis of these data, it prepares quarterly reports on the financial position and operating results of the Nation's manufacturing industries.

Trial Examiners.—Trial Examiners are attorneys who conduct hearings in the trial of formal complaints issued by the Commission. In such cases, the Trial Examiner takes testimony and receives evidence submitted in support of and in opposition to the allegations of the complaint. He rules upon the admissibility of testimony and exhibits, as well as upon motions submitted by the parties, and conducts the proceeding in accordance with the Administrative Procedure Act and the Commission's Rules of Practice. At the conclusion of the reception of evidence, and after the parties have been duly heard and their contentions considered, the Trial Examiner files an initial decision, which, unless appealed by the parties or docketed for review, becomes the decision of the Commission. The initial decision includes a statement of findings and conclusions upon all the material issues of fact, law, or discretion presented on the record, together with the reasons supporting them, and an appropriate order. The Trial Examiners are under the administrative supervision of a Director and Assistant Director.

Planning Council—The Planning Council, as constituted since the reorganization, consists of the Assistant General Counsel in Charge of Industry Cooperation as chairman, the General Counsel, the Secretary and Executive Director, and the directors of the four operating bureaus of the Commission.

The primary function of the Planning Council is to formulate and recommend to the Commission a program of work to be undertaken each fiscal year, accompanied by estimates of fund and personnel requirements. The Chairman of the Council also assists the Chairman

of the Commission in presenting the Commission's program to the Bureau of the Budget and to the appropriation committees of the Congress. The Council has the further duty of studying and evaluating the progress and accomplishments of work programs and making reports and recommendations concerning them.

SUMMARY OF LEGAL ACTIVITIES DURING FISCAL YEAR

During the fiscal year 1950, the Commission issued 124 complaints alleging violations of the laws it administers; entered 79 orders directing respondents to cease and desist from such violations; and accepted 104 voluntary stipulations to discontinue unlawful practices.

Cases in the Supreme Court of the United States and in courts of appeals in which the Commission was a party totaled 18. Rulings favorable to the Commission were obtained in one case in the Supreme Court and in four cases in courts of appeals. There was one court of appeals decision adverse to the Commission. As the fiscal year closed, 10 cases were pending in courts of appeals and 2 in the Supreme Court.

There were five cases during the year in which the Commission was defendant in actions in a United States district court seeking to enjoin Commission proceedings. The Commission was successful in all these cases.

There were two cases decided favorably in the Supreme Court of the United States involving the validity of Commission orders requiring the filing of special reports by corporations engaged in commerce. The suits had been brought by the Attorney General at the request of the Commission.

One civil penalty suit brought by the Attorney General for violation of a Commission order terminated in judgment for the United States. Four such suits remained pending in district courts at the close of the fiscal year.

Two suits for penalties for failure to keep records required by the Wool Products Labeling Act were pending in a district court at the close of the fiscal year.

Trade practice rules were promulgated for these industries: Fountain pen and mechanical pencil, peat, candy manufacturing, mail-order insurance, the fabrics, fine and wrapping paper distributing, shoe finders, venetian blind, and wholesale optical. Existing rules for the umbrella industry were revised and extended. Conferences, were held for 9 industries, while public hearings on proposed rules involved 14 industries.

In the administration of the Wool Products Labeling Act, compliance inspections were made of the labeling practices of 11,968

manufacturers, distributors, and other dealers in wool products in 48 States and the Territory of Alaska. The inspections involved approximately 22,000,000 articles.

Investigations into the operations of export associations organized under the Report Trade Act covered Carbon Black Export, Inc., and Pacific Forest Industries. The Carbon Black inquiry was completed, and recommendations were issued for the readjustment of its business. There were 43 associations registered with the Commission at the close of the fiscal year.

Two cases involving basic questions of the Commission's jurisdiction over trade-marks registered pursuant to statutes which preceded the Trade-Mark Act of 1946 were decided by the Commissioner of Patents on appeal during the year. The effect of these decisions is to limit the Commission's cancellation authority to registrations granted under the 1946 act. The Trade-Mark Act of 1946 conferral upon the Commission authority to proceed before the Commissioner of Patents to cancel the registration of trade-marks in cases where the original registration had been obtained illegally, or where the registration has conferred an exclusive right to use a mark which has become the common descriptive name of an article upon which the patent has expired.

The Commission completed during the year a survey of the principal State laws regulating the business of insurance. The survey was conducted in the office of the Commission's General Counsel for the purpose of ascertaining the existence of regulatory laws which might affect the application of the Federal Trade Commission Act and the Clayton Antitrust Act to the interstate insurance business. The study was occasioned by the provision in Public Law 15, Seventy-ninth Congress, as amended, specifying that after June 30, 1948, these statutes were applicable to the interstate insurance business "to the extent that such business is not regulated by State law."

GENERAL INVESTIGATIONS

During the fiscal year 1950, the Commission approved four reports presenting the results of general investigations:

The Divergence between Plant and Company Concentration.

Interlocking Directorates.

International Cartels in the Alkali Industry.

Rates of Return for 529 Identical Companies in 25 Selected Manufacturing Industries, 1940, 1947-49.

In addition, the Commission, in conjunction with the Securities and Exchange Commission, issued a series of industrial financial reports, based on the financial operating statements of approximately 8,500 manufacturing corporations. Reports were issued for each quarter of 1949, and the reports for the first two quarters of 1950 were in preparation as the fiscal year ended.

The reports issued during the fiscal year round out approximately 150 general investigations and 370 cost studies conducted by the Commission since its organization.⁴ Many of these inquiries have supplied valuable information bearing on competitive conditions and trends in interstate trade and industrial development and have provided the basis for legislative or other corrective action.

PUBLICATIONS OF THE COMMISSION

The Federal Trade Commission Act, section 6 (f), provides that the Commission shall have power "to make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use."

The publications of the Commission reflect the character and scope of its work and vary in content and treatment from year to year. Important among them are those presenting fact-finding studies, reports, and recommendations relating to general business and industrial inquiries. Illustrated by appropriate charts and tables, these books and pamphlets deal with current developments and trends in selected industries, and contain scientific and historical background of the subjects discussed. They have supplied the Congress, the executive agencies of the Government, and the public with information of especial value concerning the need or wisdom of new legislation.

The 44 volumes of Federal Trade Commission Decisions contain (1) the findings of fact, orders to cease and desist, and orders of dismissal issued by the Commission; (2) the stipulations accepted by the Commission wherein respondents agree to cease and desist from unlawful practices; (3) the reports, conclusions, and recommendations of the Commission in Export Trade Act cases; and (4) the decisions of the courts in Commission cases. They constitute a permanent and

⁴ An alphabetical list and brief description of the investigations conducted by the Commission appear in the appendix, beginning at p. 131.

authoritative record of the remedial measures taken by the Commission to stop violations of the laws it administers. The decisions establish for industry, business, and the individual the guideposts of fair competitive dealing. They also tell, case by case, the story of the multiplicity of unlawful practices which have been found to be detrimental to the public interest and of the accomplishments of the Commission in the prevention of such practices.

Decisions of the Federal courts reviewing Commission cases also are published from time to time in separate volumes and may be purchased from the Superintendent of Documents, Government Printing Office.

Trade Practice rules, the Wool Products Labeling Act and the regulations thereunder, and the Rules of Practice before the Commission are published in pamphlet form and may be obtained from the Commission without charge.

The following publications were issued during the fiscal year:

Annual Report Trade Commission for the Fiscal Year Ended June 30, 1949, January 10, 1950, 147 pages. Available only from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at 40 cents a copy.

The Divergence between Plant and Company Concentration, 197, June 1950, 162 pages. Available only from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at 40 cents a copy.

International Cartels in the Alkali Industry, June 1950, 96 pages. Available only from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at 30 cents a copy.

Interlocking Directorates, June 1960, 510 pages. Now in the hands of the printer. Copies will be available only from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at a price to be determined by that official.

Quarterly Industrial Financial Report Series for All United States Manufacturing Corporations, First, Second, Third, and Fourth Quarters, 1949. Available from the Federal Trade Commission without cost while the supply lasts.

Rates of Return for 528 Identical Companies in 25 Selected Manufacturing Industries 1940, 1947 and 1948, December 1949, 16 pages. Available only from the Federal Trade Commission without cost while the supply lasts.

Rates of Return for 529 Identical Companies in 25 Selected Industries 1940, 1947-49, June 27, 1950, 28 pages. Available only from the Federal Trade Commission without cost while the supply lasts.

Trade Practice Rules for the following industries: Fountain Pen and Mechanical Pencil, October 11, 1949, 10 pages; Peat, January 13, 1950, 9 pages; (Sandy Manufacturing, January 24, 1950, 9 pages; Advertising and Sales Promotion of Mail Order Insurance, February 3, 1950, 9 pages; Tie Fabrics, March 16, 1950, 10 pages; Fine and Wrapping Paper Distributing, May 16, 1950, 9 pages; Umbrella (Revised and Extended), June 9, 1950, 10 pages; Shoe Finders, June 22, 1950, 7 pages; Venetian Blind, June 28, 1950, 11 pages; and Wholesale Optical, June 30, 1950, 9 pages. All rules available from the Federal Trade Commission without charge while the supply lasts.

PART I. GENERAL INVESTIGATIONS

During the fiscal year 1950, the Commission approved the following reports presenting the results of its general investigations:

The Divergence Between Plant and Company Concentration

Interlocking Directorates.

International Cartels in the Alkali Industry.

Rates of Return for 529 Identical Companies in 25 Selected Manufacturing Industries, 1940, 1947-49.

The Commission also continued, in a joint project with the Securities and Exchange Commission, to issue quarterly financial reports giving balance sheet and income data for American manufacturing, based upon the operating statements of about 8,500 manufacturing corporations.

In addition to the economic reports which were prepared for publication, the Commission completed an exploratory economic investigation of a major industry as a basis for the development of one or more antimonopoly cases in that industry. Field investigation to determine whether there is a legal basis for such a case is now under way. The Commission has continued to emphasize the use of economic analysis in its legal work and during the fiscal year the Commission's economic personnel spent approximately half their time in investigations designed to develop antimonopoly cases or to assist in the preparation and trial of such cases.

THE DIVERGENCE BETWEEN PLANT AND COMPANY CONCENTRATION

One of the most important problems in the development of a sound antimonopoly program is the relationship between plant and company concentration. It is well known that in many industries plant concentration is high—that is, a large proportion of the output is produced by a relatively small number of plants. It is also well known that company concentration is frequently high—that is, a large proportion of the output is accounted for by a relatively small number of companies. But what is the relationship between the two types of concentration? Is company concentration about the same as plant concentration, or is it substantially higher?

Where a company is large merely because its plant is large, the company's size reflects its methods of production. But where the size of a business concern is substantially greater than the size of any

plant, the size of the business is due to concentration of the central office activities, as distinguished from the technological processes, of the concern.

In its report, *The Divergence between Plant and Company Concentration*, the Commission has undertaken to shed some light on this fundamental question. The Commission has measured the difference, or "divergence," between plant and company concentration for each of 340 manufacturing industries, covering most of the Nation's fields of industrial activity. The basic data used in measuring both plant and company concentration were derived from the 1947 Census of Manufactures.

The Commission's findings are summarized in the report as follows:

The extent of the difference between plant and company concentration varies widely among the different manufacturing industries. This is the principal conclusion of the report. On the one hand are to be found many industries in which company concentration is almost exactly identical with plant concentration * * *. On the other hand, there is an equal, if not greater, number of industries in which company concentration is well in excess of plant concentration * * *. Between these two extremes, there are many additional industries in which company concentration is moderately above plant concentration. Thus, this report upholds, for certain industries, the view that a high degree of company concentration is merely the inevitable consequence of the requirements of modern technology. But it also upholds, for certain other industries, the opposing position that company concentration is not based upon large plants and could be substantially reduced without impairing whatever productive efficiency large plants achieve. On this matter of the difference between plant and company concentration, American industry presents the picture of a "mixed economy."

The important individual industries which show the greatest difference between plant and company concentration include: Condensed milk, motor vehicles and parts, steel works and rolling mills, tin cans and other tinware, cottonseed oil mills, petroleum refining, fertilizer, cement, biscuits, crackers and pretzels, and ice cream and ices.

The important individual industries which show the smallest difference between plant and company concentration include: Lighting fixtures, electrical measuring instruments, saw mills and planing mills, machine tools, screw-machine products, computing and related machines, medicinal chemicals, games and toys, printing trades machinery, and textile machinery.

In the report, the 340 individual industries are combined into 18 broad industry groups, which are then ranked in accordance with the extent of their divergence between plant and company concentration. This ranking, starting with petroleum and coal products as the group with the greatest divergence, is as follows:

INDUSTRY GROUP

Petroleum and coal products.	Electrical machinery.
Transportation equipment.	Fabricated metal products.
Primary metals.	Apparel and related products.
Leather and leather products.	Printing and publishing.
Food and kindred products.	Instruments and related products.
Paper and allied products.	Machinery, except electrical.
Chemicals and allied products.	Lumber, except furniture.
Stone, clay, and glass products.	Miscellaneous manufactures.
Textile mill products.	Furniture and fixtures

The report shows that most of the industries in which company concentration is substantially in excess of plant concentration share the characteristics of one of three distinct "high-divergence" patterns. In the first pattern, which is illustrated by the compressed and liquefied gas industry, company concentration is high and plant concentration is low. In the second, which is illustrated by the distilled liquors industry, plant concentration is high but is exceeded by a substantially higher level of company concentration. In the third, which is exemplified by the fertilizer mixing industry, company concentration is relatively low but is well above the level of plant concentration.

Similarly, most of the industries in which company concentration is only slightly above plant concentration share the characteristics of one of two distinct "low-divergence" patterns. In the first, which is illustrated by the saw mill and planing mill industry, both plant and company concentration are low. In the second, which is exemplified by the aircraft engine industry, both plant and company concentration are high.

The report points out that these different "divergence patterns" suggest different types of public policy:

Thus, in those industries with low plant and low company concentration (the third "high-divergence" and the first "low-divergence" patterns) the task of protecting the public interest appears to be primarily that of preventing collusive agreements and arresting any such increase in company concentration as may tend to lessen competition. Among those industries with high company concentration and high divergence (the first and second "high-divergence" patterns) there is need to guard against not merely collusive agreement but also monopoly; and if monopoly should be found to exist, the available remedies include the possibility of reducing the size of the largest business concerns. Finally, in those industries with high company concentration and low divergence (the second "low divergence" pattern), monopolistic concentration cannot readily be corrected by dissolution of monopolistic business firms but must be remedied instead by appropriate correction, or, if necessary, by regulation of business behavior.

INTERLOCKING DIRECTORATES

The report on Interlocking Directorates summarizes the interlocking relationships among directors of the 1,000 manufacturing corporations which are listed as "largest" by the Office of Business Economics of the Department of Commerce, and also the interlocking directorates between these 1,000 corporations and a selected list of banks, investment trusts, insurance companies, railroads, public utilities, and distributive enterprises.

The report covers not only direct interlocks among these companies but also indirect interlocking relationships which are established through the presence of directors of two corporations on the board of a third corporation.

The interlocking directorates that have been examined fall into six different patterns, which differ in their effect upon competition. These are:

(1) Interlocking directorates between competitors, the tendency of which is to reduce or eliminate competition.

(2) Interlocking directorates between companies in closely related lines of production, which are capable of forestalling the competition that might develop from the normal expansion of these companies.

(3) Interlocking directorates between companies that face similar or closely related problems, the tendency of which is to consolidate communities of interest among these companies and to create a united front against enterprises that threaten the habitual relationships, ways of doing business, or established preeminence of members of the group.

(4) Interlocking directorates between companies and their suppliers or their customers, which may bring about preferential treatment in prices, in the distribution of materials that are in short supply, or in access to market outlets.

(5) Interlocking directorates between manufacturing corporations and financial institutions, which may give such manufacturers preferential access to credit or may constitute an obstacle to the access of competing enterprises to credit.

(6) Interlocking directorates which express a desire to protect an underlying ownership interest.

In the survey of interlocking directorates, the Commission has not found it possible to examine closely each of the apparently significant relationships that were found. The potentialities of the various patterns have been analyzed, and interlocks have been classified in accord with these potentialities; but the report does not seek to determine whether or not the possible effects upon competition from various interlocking relationships have actually appeared.

The Outstanding Interlocks in Various Industries

The food industry exhibited an extensive array of interlocking directorships which appeared to be significant both for competition within the industry and for its relations with other industries. In the meat-packing branch of the industry, Armour & Co. was indirectly interlocked with the third and fourth largest packers; three of the largest meat packers had indirect ties with three of the largest bakers. Armour and Swift Co. Had direct interlocks with equipment manufacturers.

Three of the 10 largest diaries were directly or indirectly interlocked with each other; the largest diaries were also indirectly interlocked with General Foods Corp., Standard Brands, and Best Foods. The largest of the dairy products companies was indirectly interlocked with 2 large baking companies, which were potential customers, and with a large manufacturer of metal and paper containers.

Four of the 12 largest canners had direct or indirect interlocks with companies producing competitive products. The direct interlock between Libby, McNeil Libby and Minnesota Valley Canning, Co. is illustrative of the probable competition reducing ties found in the industry.

Six of the 12 grain-mill-products companies had interlocking relations with competitors. General Mills, the largest, had a direct interlock with Best Foods and indirect interlocks with Pillsbury Mills, International killing Co., and Russell-Miller Milling Co. The three large milling companies also had one or more direct or indirect interlocks with bakers or distillers. Both General Mills and Pillsbury Mills were directly interlocked with a large manufacturer of kraft paper. Pillsbury Mills was also interlocked directly with a food-container stock manufacturer.

The producers of bakery products were also tied together through interlocking directors, 6 of the 10 companies being involved. Purity Bakeries Corp. interlocked directly with American Bakeries Co. The two largest—National Biscuit Co. and Continental Baking Co.—had indirect interlocks with each other and with a number of other baking companies. National Biscuit was also directly interlocked with American Sugar Refining and had indirect ties with five other potential suppliers in the food industry; one of its most notable ties outside the food industry rested upon five directors in common with American Can. United Biscuit, Ward Baking, and Interstate Bakeries also had direct interlocks with container stock or container manufacturers.

A highly concentrated pattern of interlocks occurred among the sugar companies. Sixteen of the 23 largest of these companies had direct or indirect ties with each other. Six Hawaiian sugar com-

panies were both directly and indirectly interlocked with each other, while sugar companies outside Hawaii were equally intricately interlocked. The sugar companies also had direct or indirect ties with the country's largest producers of dairy products, bakery products, and beverages. American Sugar Refining alone had direct and indirect interlocks with 16 potential customers.

Eight of the 23 largest beverage products companies were directly or indirectly interlocked with each other. Canada Dry Ginger Ale, for example, had a direct tie with National Distillers Products; both companies manufacture soft drinks as well as alcoholic beverages. Ties between beverage manufacturers and potential customers or suppliers were varied and numerous. National Distillers Product, the third largest of the distilled beverage manufacturers, for example, had indirect ties with the largest corn products and sugar refining companies. It also had a direct tie with the country's largest manufacturer of glass bottles.

General Foods, Standard Brands, and Best Foods were interlocked with each other through a variety of third companies. General Foods also had direct ties with the country's two largest dairy companies, and indirect ties with the largest bakery company and the two largest grain-mill-products companies, all of which manufacture products with which General Foods' lines compete. General Foods also had a direct interlock with American Can and with the Mead Corp., which sells paperboard.

The interlocking relations within the primary iron and steel industry fell into four major categories. U. S. Steel maintained indirect interlocks with 11 other members of the industry— integrated steel companies, a nonintegrated strip steel producer, a coke and chemical company, and 2 ferro-alloy companies.

The second group of steel companies included Republic Steel Corp., Youngstown Sheet & Tube, Inland Steel, Wheeling Steel Corp., Jones & Laughlin, and National Steel Corp. These companies were all interlocked through a group of important Cleveland companies, including four ore companies and to Cleveland banks. The interlocks consisted of both stock ownership and common directors.

The third group centered in the Mellon family and in a number of companies in the Mellon sphere of influence, including Mellon National Bank Trust Co., Gulf Oil Corp., Koppers Co., Pullman, Pittsburgh Plate Glass Co., and Westinghouse Electric Co. Through these corporations, interlocking relations were maintained among Bethlehem Steel Corp., Armco, Crucible Steel, A. M. Byers, Superior Steel, Granite City Steel Co., and Vanadium Corp. of America. In addition Jones & Laughlin provided a point of contact between the

Mellon group and the Cleveland group; and U. S. Steel was linked to the group through Pullman.

Finally, Pittsburgh Steel Co., Alan Wood Steel Co., Follansbee Steel Corp., and Pittsburgh Coke & Chemical Co. were interlocked through ties among themselves and with the Peoples First National Bank & Trust Co. (Pittsburgh). This group was interrelated with the Mellon group through Jones & Laughlin and with the Cleveland group through both Jones Laughlin and National Steel.

The nonferrous metals industry was characterized by multiple indirect interlocking relations among companies within the industry, principally through financial institutions but also through a number of leading industrial corporations. The concerns thus interlocked were among the industry's most important. Within the industry, American Metal Co. interlocked with 10 companies; Kennecott Copper Corp. and Phelps Dodge Corp. with 8; Anaconda Copper Mining Co., St. Joseph Lead Co., and American Smelting & Refining Co. with 7; U. S. Smelting, Refining & Mining Co., with 6; Magma Copper Co. with 4; and National Lead Co., New Jersey Zinc Co., Mueller Brass Co., Doehler-Jarvis Corp., and Anaconda Wire & Cable Co. with 3.

Several of the integrated producers of primary metals are also fabricators and thus compete with their customers, actual or potential. There were a relatively large number of interlocks between fabricated and primary metal producers. Some of these vertical interlocks—for example, that between the Sharon Steel Corp. and the Mullins Manufacturing Corp.—appear to have been the equivalent of forward integration. Other interlocks—for example those between U. S. Steel, Babcock & Wilcox, and American Radiator Standard Sanitary Corp.—provided the basis for establishment of a community of interest among companies dominant in their respective fields. The interlocks of fabricated metal producers with users of their products consisted primarily in 36 interlocks with the machinery industry; 24 with the transportation equipment industry; and 19 with the electrical machinery industry.

Companies in the machinery industry were linked primarily with banks, primary metals producers, transportation equipment companies, and electrical machinery manufacturers. In every branch of the industry, competing producers were directly and indirectly interlocked. Among the farm machinery manufacturers, International Harvester, Allis-Chalmers, and J. I. Case were indirectly interlocked with each other and with two of the other six largest producers; the Oliver Corp. was indirectly interlocked with two other farm machinery companies; and Deere & Co. and Minneapolis-Moline Power Implement Co. were interlocked indirectly with each other. Eighteen

competing engine producers were directly or indirectly interlocked, being classified as manufacturers of engines and turbines and the remainder being otherwise classified. Ten of the large machine tool manufacturers were indirectly interlocked with one another, as were the 7 largest manufacturers of office and business machines. Of the four largest producers of textile machinery, the two largest were directly, and all indirectly, interlocked with each other. They were also directly linked with four of the country's largest textile mills and indirectly with nine others. Six of the major producers of pumping and drilling equipment had direct or indirect ties with one or more competitors. The four leading manufacturers of road-building and earth-moving machinery were indirectly associated through multiple interlocks. The machinery producers were also involved in direct vertical interlocks with primary metals producers and with numerous potential customers.

In the electrical machinery industry, the big four manufacturers— General Electric, Westinghouse Electric, Western Electric Co., and Radio Corp. of America—were indirectly interlocked on a multiple basis through six large commercial banks, two of the largest life insurance companies, a public utility, a railroad, and an industrial company. This industry also presented a pattern of interlocking relations extending backward to suppliers of metals, plastics, and the like, and forward to users of electrical equipment. The interlocking directorates between General Electric and New York Central and between Westinghouse and the Pennsylvania and New Haven Railroads appear to be particularly noteworthy.

The transportation equipment industry presented a picture of extensive and complex interlocking relations. Significant interest groups centered around General Motors Corp.; and the Victor Emanuel enterprises linked companies in all of the major subdivisions in the industry. The railroad equipment companies appear to have established a close network of interlocks—12 of the 15 interlocked directly or indirectly with other railroad equipment companies. Two manufacturers of railway air conditioning equipment—Safety Car Heating & Lighting Co. and the Carrier Corp.—were directly interlocked. The only two manufacturers of railway air brake equipment—Westinghouse Air Brake Co. and New York Air Brake Co.—had multiple indirect interlocking relations. Pullman, an important manufacturer of railway cars, was the nucleus of far-reaching system of interlocking directorates. Other indirect interlocking relations existed among manufacturers of locomotives, railway rolling stock, and other special types of railway equipment. In the aircraft group there was a direct interlock between Douglas Aircraft Co. and Curtiss-Wright

Corp., which, however, appears to have been discontinued. The aircraft group also had a chain of indirect interlocking relations that linked not only aircraft manufacturers but also producers of specialized equipment.

In the motor vehicle field, direct interlocks between the large automotive manufacturers and the parts manufacturers appear to have been of principal importance. No significant interlocking relations were found in the ship- and boat-building field. As in other large and important industries, the pattern of interlocking relations between transportation equipment companies and financial institutions was extensive.

Through directors and officers of leading New York banks, the chemical industry maintained many indirect interlocking relations; there were few direct interlocks. Allied Chemical & Dye Corp., Virginia-Carolina Chemical Corp., Mathieson Alkali Works, Inc., American Enka Corp., North American Rayon, Davison Chemical Corp., and American Bemberg were indirectly interlocked through Chase National Bank. Union Carbide and Carbon, Commercial Solvents, North American Rayon, Sun Chemical, and American Bemberg were indirectly interlocked through Central Hanover Bank S; Trust Co. American Cyanamid Co., American Home Products Corp., General Aniline and Film Corp., Sharp & Dohme, and the Lambert Co. were indirectly interlocked through Manufacturers Trust Co. (New York). The chemical industry also exhibited significant array of vertical interlocks that related producers to sources of supply and to outlets for their products.

The leading petroleum companies—Standard of New Jersey, Socony-Vacuum Oil Co., Texas Co., Standard of California., Standard of Indiana, Gulf Oil Corp., and others—were closely tied together by indirect interlocking directorates or by joint ownership of affiliates. The most significant interlocking directorates were through Chase National Bank. On that board were directors of Standard of Indiana, Standard of California, Gulf, and Continental Oil. Texas, Shell Union Oil Corp., and Tide-Water Associated Oil were indirectly interlocked through Central Hanover Bank & Trust Co.

None of the rubber manufacturers had any directors in common in 1946. Indirect interlocking relations existed among the large tire manufacturers, between the large tire companies and some of the smaller tire manufacturers, and between some of the other rubber companies. The most significant of the interlocking relations were apparently those between U. S. Rubber and General Motors, resting on du Pont investments in both companies and the presence of du Pont

directors on both boards. Three of the large tire manufacturers— Goodyear Tire & Rubber Co., U. S. Rubber, and B. F. Goodrich Co.— had direct interlocking relations with chemical companies producing materials used in the manufacture of tires.

The textile industry had an extensive network of interlocks, with 39 of the 85 companies interlocked with one another. Although members of the same industry, these companies produced a diversified list of products. A large number of interlocks appeared to have been among companies that were currently producing competing products. Forward vertical interlocks appeared more significant than those reaching backward to sources of supply. Several of the textile mills had indirect interlocks, principally through financial institutions, with retail outlets, largely chain clothing and department stores.

In the apparel industry interlocking relations existed through banking interests and factors. The outstanding interlocks brought together on the board of Van Raalte Co. directors of Cluett, Peabody Co., Manhattan Shirt Co., the Hat Corp. of America, and A. Stein & Co., thus creating a community of interest potentially significant for competition. Apparel manufacturers also interlocked with textile mills: Cluett, Peabody Co. with Sidney Blumenthal & Co., Botany Worsted Mills, United States Finishing Co., and Cheney Bros.; Hat Corp. of America with Sidney Blumenthal. In turn, Cluett, Peabody & Co. had directors in common with National Department Stores and Sears, Roebuck Co.; Manhattan Shirt was also directly interlocked with the Hecht Co. and Gimbel Bros.; A. Stein Co. was represented on the boards of Sears, Roebuck, Bond Stores, Inc., W T. Grant Co., and S. H. Kress & Co.; the Hat Corp. of America was interlocked directly with Bond Stores. The strong position of Van Raalte and its interlocking relations with apparel manufacturers reflected in part the presence of two Goldman, Sachs & Co. partners and a Lehman partner on the board of Van Raalte.

The paper and allied products industry had a chain-like network of interlocking directorates connecting 22 of the 31 large companies with one another. There was no one company from which these interlocking relations radiated; the ties were as characteristic of the smaller as of the larger companies.

The printing, publishing, and allied industries had no directly interlocked directorates and relatively few significant indirect interlocks.

The lumber and wool products industry and the furniture and fixtures industry had few significant interlocking directorates.

In the glass industry the direct and indirect interlocks between Libbey-Owens-Ford Glass Co. and Owens-Illinois Glass Co. appear to

have had significance in supporting a division of fields between the companies. Several of the glass companies also had vertical interlocking relations with important outlets.

Interlocking directorates in the cement industry appeared to be important principally on the Pacific coast. Significance may have attached to the interlocks between refractories manufacturers and cement and steel companies. The gypsum manufacturers had their most important interlocks with financial institutions.

None of the larger companies classified in the leather products industry were directly interlocked. However, indirect interlocks existed between some of the important companies: Endicott Johnson Corp. with Florsheim Shoe Co., and the latter with George E. Keith Co.

No significant interlocking relations were found among the companies classified in the tobacco products industry.

In the professional and scientific instrument industry the few insignificant interlocks were between companies the products of which were complementary or which might provide components for finished products.

In the miscellaneous manufacturing industry, the interlocks, direct and indirect, involved supplier-customer relations.

Conclusions

The major conclusions that emerge from the Commission's analysis of interlocking directorates among the 1,000 largest manufacturing corporations and between these corporations and some 330 nonmanufacturing corporations follow:

(1) Among the largest companies there was in 1946 a substantial and significant variety of interlocking directorates, which, by virtue of the character of the businesses of the companies, involved reasonable probabilities that competition would be reduced thereby.

(2) Some of these interlocks appeared on their face to be violative of section 8 of the Clayton Act.¹ The majority of them, however, did not fall within the prohibition contained in that act.

(3) Many of the interlocks which were capable of reducing competition were lawful under the provisions of section 8 of the Clayton Act because the interlocked concerns, though potentially competitors, had not been competitors in the past, or because the interlocked concerns were related to each other as actual or potential suppliers and customers rather than as competitors, or because the individuals through whom the interlocking relationships were maintained were

¹ Section 8 of the Clayton Act provides in substance that no person may be director in two or more competing corporations, any one of which has capital, surplus, and undivided profits aggregating more than \$1,000,000. (This provision is not applicable to banking institutions and common carriers, which are covered under other sections of the statute.)

officers or stockholders rather than directors, or because the companies involved, instead of having common directors, had directors who were jointly members of the boards of third companies.

(4) In certain cases interlocking relationships involving several directors from the same company provided a broad base for the development of common policies and attitudes. In certain industries directors from various important companies sat together on particular boards which served as focal points of interlocking relationships. In certain other industries, though there were no focal points, there was such a multiplicity of interlocking relationships as to constitute a network in which it was evident that the effect of any one interlock was strengthened and supplemented by the existence of the others. The Clayton Act contains no recognition of the significance of multiple, local, and network interlocks, as distinguished from single interlocks.

(5) The most common interlocks were those that linked a seller of goods or services with a buyer thereof. In a substantial number of cases the importance of the seller, the buyer, or both was such that establishment of preferential or exclusive-dealing relations between them might be expected to have adverse effects upon the opportunities of their competitors. This was particularly true in the case of interlocks between industrial companies and financial institutions. The problems raised by interlocks of the supplier-customer type appear to be similar to those which led the Congress to prohibit such interlocks in the case of common carriers except where steps are taken to assure arm's-length dealing. Nevertheless, there is no legal limitation upon this type of interlocking relationship among industrial and commercial companies.

INTERNATIONAL CARTELS IN THE ALKALI INDUSTRY

The Commission's report on cartelization in alkali deals with the nature, extent, and effects of international agreements concerning baking soda, soda ash, and caustic soda to which organized groups of European and American alkali producers were parties from 1924 until 1946. Information for the report was drawn from the Commission's files and from the records of an antitrust proceeding which resulted in a decision by the United States District Court for the Southern District of New York on August 12, 1949 (*U. S. v. U. S. Alkali Export Association et al.*, 86 Fed. Supp. 59).

The report traces the steps by which the United States Alkali Export Association, Inc., formed under the Export Trade Act in 1919, first competed for several years which the cartelized European alkali manufacturers and later, through a series of understandings and

agreements, cooperated increasingly to divide world markets, establish quotas, fix prices, and restrain competition. Exclusive markets were assigned to the various parties. In each such market the holders of the exclusive privilege enjoyed a monopoly protected by the mutual agreement that: "Each party shall use its best endeavors to prevent shipments from its exclusive market to markets exclusive to other parties." Other markets were designated as "joint" markets, in which prices were fixed and sales were shared in accordance with quotas agreed upon by the parties. The result of these understandings, as stated in a letter from Imperial Chemical Industries of London to United States Alkali Export Association, Inc., was to be the "there will be complete cooperation between us to avoid competition in any part of the world."

The effectuation of these understandings required collateral understandings, agreements, and acts to limit competition and trade both in the home markets of the parties and in foreign joint markets. Prominent among these were efforts to control exports by independent producers. In the United States an understanding was reached in 1929 that United States Alkali Export Association, Inc., would "take the necessary steps to control Inyo [Inyo Chemical Co.] and any other makers of alkali products in the U. S. A., so that by stabilization of prices we [Imperial Chemical Industries] may achieve some benefit from our arrangement with you [United States Alkali Export Association, Inc.]." Accordingly, Inyo Chemical Co.'s exports were controlled, and in 1931 represented two-thirds of all soda ash exported by the Association. Later, after Inyo became bankrupt, three other new California producers began shipping to Europe. Thereupon, at the insistence of European producers, United States Alkali Export Association was instrumental in bringing about the formation of California Alkali Export Association in 1936, to dispose of California ash as directed by U. S. Alkali. In consideration of these arrangements, the cartel agreed that the markets of Canada, Mexico, Cuba, Haiti and San Domingo, Dutch East Indies, and Dutch West Indies would be exclusive territories of the American producers.

Another source of trouble in operating under the cartel agreements was unauthorized competitive selling of alkali by independent export merchants and brokers. To curb such "bootleg" sales, United States Alkali Export Association (1) undertook to handle all surplus offered for export by nonmember producers; (2) stipulated in domestic sales contracts that material sold was for domestic consumption only, and not for export; (3) refused to make further sales to domestic distributors and consumers who permitted material to "leak" into unauthorized export channels; (4) developed an elaborate statistical

system to obtain information regarding shipments made outside the Association; (5) maintained inspectors at ports to scrutinize shipments for export; (6) compiled and circulated blacklists of independent exporters classed as "bootleggers," and (7) had standing orders with certain parties in the trade to purchase any free tonnage which might enter unauthorized export channels. The connection of these measures with the operation of the cartel is indicated by the bulletin of the Association "to members and nonmembers" dated July 10, 1936, which said:

A different international agreement becomes effective this month. The responsibility we assume thereunder can produce a decidedly unfavorable reaction in many of our important markets, if there is any laxity in the industry in restricting possible exports through channels outside the Association.

U. S. v. U. S. Alkali Export Association, a proceeding under the Sherman Act initiated by the Department of Justice in March 1944, was the first case in which the Federal courts were called upon to interpret the Export Trade Act (15 U. S. C. A., secs. 1-5) as applied to participation in foreign cartel agreements by associations organized under this statute. The nature of the understandings between American and European producers, which 'ere never reduced to formal contracts signed by all parties, and the effects of the trade practices in domestic and foreign trade carried out thereunder, did not become fully known until developed in the alkali case. The court held that numerous activities of United States Alkali Export Association, Inc., and California Alkali Export Association went beyond the exemptions of the Export Trade Act and therefore violated the Sherman Antitrust Act. Injunctive relief was judged to be proper and preparation of findings of fact and a decree in accordance with the opinion was ordered (U. S. v. U. S. Alkali Export Association, 86 Fed. Supp. 59) .

PREWAR AND POSTWAR PROFIT RATES

The report entitled Rates of Return, for 529 Identical Companies in 25 Selected Manufacturing Industries, 1940, 1947-39 contains a comparative study of the prewar and postwar profit rates of 25 major manufacturing industries in the United States. The report is based on an analysis of the financial statements of 529 identical corporations in 25 manufacturing industries for the years 1940, 1947, 1948, and 1949. In addition to comparing profit rates after taxes, the report also shows changes in profit rates which took place in 1947, 1948, and 1949.

The industries selected for study constitute a substantial segment of the Nation's total industrial economy, and their combined assets in

1940 accosted for 50 percent of the total assets in all manufacturing industries.

The report states that 17 industries had higher average rates of return in 1949 than in 1940. Industries which showed the most striking increases were motor vehicles (from 17.3 to 29.6 percent); biscuits and crackers (from 8.7 to 16.8 percent); bread (from 7.6 to 15.3 percent); flat glass and glassware (from 11.7 to 17.9 percent); and petroleum refining (from 6.7 to 12.6 percent). Six industries (cigarettes, cigars, soap, wool carpets and rugs, nonferrous metals, and engine turbines) showed lower profit rates in 1949 than 1940; and two industries (tires and inner tubes, and plug, smoking and snuff tobacco) had identical profit rates in 1940 and 1949.

Although the profit rates for 1949 tended to be higher than those of the prewar period, they were generally below the rates of 1948. Twenty-one of the 25 industries showed a decline in the rate of return between 1948 and 1949. However, four industries were exceptions to this general decline in profit rates between the 2 years. The motor vehicle industry has shown a continuous increase in its rate of return, from 17.3 percent in 1940 to 19.6 percent in 1947, to 25 percent in 1948, and to 29.6 percent in 1949. In addition, profit rates increased between 1948 and 1949 in the dairy products industry, the cigarette industry, and the flat glass and glassware industry.

An outstanding characteristic of the industries included in the report is the continuation into the postwar period of the relationship which existed between the largest and the other companies during the prewar period. If the larger corporations were more profitable than the smaller firms in the prewar period, they continued to be more profitable in the postwar period; and if the reverse was true in the prewar period, it continued to be true in the later period.

Rates of return shown in the report were computed, for the most part, on the average investment as of the beginning and ending of each year. The stockholders' investment consisted of the capital stock outstanding, paid-in or other capital surplus, earned surplus, minority interest in capital stock and surplus, and surplus reserves, less reported appreciation. The net income represents the profit after deducting all normal and regular costs and expenses ad Federal income taxes.

INDUSTRIAL FINANCIAL REPORTS SERIES

The quarterly industrial financial reports which are prepared and published by the Commission in cooperation with the Securities and Exchange Commission provide a current indication of conditions

in the manufacturing economy and in the various segments of industry. From these reports can be determined, (1) the general financial condition of manufacturing corporations; (2) the trend of manufacturing operations; (3) variations which have taken place within specific industries or within different corporate size groups; and (4) indications of situations requiring stabilization controls during a mobilization period.

New uses have been steadily developing in the Commission and elsewhere for these reports. The reports have become the only reliable sources of information about the profits of small manufacturers. A comparison of prewar and postwar rates of return on investment in 25 manufacturing industries (see section entitled "Prewar and Postwar Profit Rates") was prepared in 1948 from the data provided in the reports, and is now brought up to date annually. From time to time the Commission develops from the same data, figures showing the concentration of manufacturing in the hands of large corporations. The first such reports, for the year 1947, showed that the 113 corporations which had assets of more than \$100,000,000 each possessed in the aggregate 46 percent of all American manufacturing facilities. Similar subsequent reports, it is anticipated, will provide a measure of the trend of concentration.

The Council of Economic Advisers regularly utilizes the reports, and certain ratios developed in them are included in the President's Economic Report to the Congress. The reports are also used extensively by the Department of Commerce, the Federal Reserve Board, the Treasury Department, the Bureau of Labor Statistics and by the other Government agencies, by business enterprises, and by private research organizations.

In these quarterly reports all manufacturing corporations are classified according to the amount of their total assets, as follows:

- (1) Corporations with assets of over \$100,000,000.
- (2) Corporations with assets of more than \$5,000,000 but less than \$100,000,000.
- (3) Corporations with assets of more than \$1,000,000 but less shall \$6,000,000.
- (4) Corporations with assets of more than \$250,000 but less than \$1,000,000.
- (5) Corporations with assets of less than \$250,000.

In the first quarter of 1947 the highest rate of profit was attained by the middle group assets from \$1,000,000 to \$5,000,000). Second in percentage of profit was the group with assets between \$250,000 and \$1,000,000; third was the group with assets between \$5,000,000 and \$100,000,000; fourth was the group with assets of

less than \$250,000; and last was the group with assets of more than \$100,000,000. In all five groups, profits on stockholders' equity after taxes were running at an annual rate of more than 14 percent. The highest rate of profit was approximately 22.5 percent.

During the following 3 years, the picture was drastically altered. Profits of the smallest corporations, those with assets of less than \$250,000, not only went steadily downward, but decreased more than the profits of any other group. From an average profit in 1947 of 18 percent, the rate declined to approximately 2 percent by the end of 1949.

**RATES OF PROFIT FOR MANUFACTURING CORPORATIONS
BY ASSET SIZE GROUP**

Trend Lines Fitted to Ratio of Income after Taxes to Stockholders Equity on an Annual Rate Basis

GRAPH - SEE IMAGE

By the end of 1949 the five size classes of corporations had sorted themselves out so that the level of their profits was a direct reflection of their relative size. The largest corporations had the largest profits; the smallest corporations had the smallest profits. The three middle groups fell between the other two in order of their size. The chart above shows the trend lines fitted to ratio of income after taxes to stockholders' equity on an annual-rate basis.

In an effort to increase the accuracy of the reports and to make available financial data for narrowly defined industries, thus increasing the usefulness of the reports, the Commission is currently

engaged in increasing the size of the sample of corporations included in the report. It is expected the new and larger sample will be ready for use in the report for the first quarter of 1951.

The quarterly financial-reports program is the Government's first undertaking designed to avoid duplication by cooperative collection of data. Before World War II the Commission began collecting and tabulating the annual financial reports of corporations in selected manufacturing groups. During the war this work was discontinued when the Office of Price Administration established a similar financial reporting program. At the end of the war an interagency committee was established by the Bureau of the Budget to examine the needs of Government agencies for financial business statistics. It was determined by this committee that a cross-section sample of approximately 10 percent of all manufacturing corporations would supply the information requested by Government agencies. The Federal Trade Commission was assigned the task of collecting reports from unregistered corporations (a function authorized in section 6 of the Federal Trade Commission Act) and the Securities and Exchange Commission was requested to collect and complete the data on corporations whose securities were registered on a national stock exchange. In order to secure an overall picture of industry, the original plan of the committee provided for inclusion of mining corporations and wholesale and retail trade corporations as well as manufacturing industries. However, the program has not yet been extended to cover these other groups.

PART II. GENERAL LEGAL WORK

DESCRIPTION OF PROCEDURE

Cases before the Commission originate in one of several ways: Through complaint by a consumer or a competitor; from other Governmental agencies, Federal, State, or municipal; or upon observation by the Commission. The Commission itself may initiate an investigation to determine whether the laws administered by it are being violated.¹ No formality is required in making application for complaint. A letter setting forth the facts in detail is sufficient, but it should be accompanied by all evidence in possession of the complaining party in support of the charges made. It is the policy of the Commission not to disclose the identity of the complainant.

Upon receipt of an application for complaint, the Commission, through its Bureau of Antimonopoly or its Bureau of Antideceptive Practices, considers the essential Jurisdictional elements before deciding whether it shall be docketed for investigation. If it is a case involving restraint of trade or alleged violation of the Clayton Antitrust Act, it is assigned to the Chief, Division of Investigation and Litigation, Bureau of Antimonopoly. If it involves deceptive practices, it is referred in the Bureau of Antideceptive Practices to either the Chief, Division of Investigation, or the Chief, Division of Radio and Periodical Advertising, depending upon its nature and the type of investigation to be made.

In either Bureau, after preliminary processing, cases are then assigned to attorney-examiners for the purpose of developing all the essential facts. In matter requiring field investigation, the general procedure is to interview the party complained against, advise him of the charges, and request such information as he may care to furnish in defense or in justification. Where necessary, competitors of the respondent are interviewed to determine the effect of the practice from a competitive standpoint. It is often desirable also to interview consumers and members of the general public to obtain their assistance in determining whether the practice in question constitutes an unfair method of competition or an unfair or deceptive practice, as well as to establish the existence of the requisite public interest.

¹ A brief statement of the provisions of these laws appears on p. 3

After developing all the facts, the examining attorney files a report summarizing the evidence, reviewing the applicable law, and recommending the action he believes the Commission should take. The record is then reviewed by his division chief, who submits the file to the Commission through the Bureau Director, accompanied by a statement setting forth the facts as well as his conclusions and recommendations.

Recommendations thus made to the Commission may be for (1) issuance of a formal complaint; (2) negotiation of a stipulation-agreement in which the respondent agrees to cease and desist from the practices challenged as unlawful; or (3) closing of the case. When issuance of a complaint is recommended, a draft of the complaint— prepared by the Division of Litigation in either the Bureau of Antimonopoly or the Bureau of Antideceptive Practices—accompanies the file.

If the Commission decides that a formal complaint should issue, the case is referred to the appropriate Division of Litigation for trial of the case. Should the Commission permit disposition by stipulation, the case is referred to the Division of Stipulations in the Bureau of Industry Cooperation.

All proceedings prior to issuance of a formal complaint or acceptance of a stipulation are confidential.

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

The Commission's rules of practice provide that a respondent desiring to contest the proceeding shall file answer admitting, denying, or explaining each allegation within 20 days from service of the complaint.

Upon request made within 15 days from service of the complaint, any respondent is afforded an opportunity to submit, for Commission

consideration, offers of settlement or proposals of adjustment where time, the nature of the proceeding, and the public interest permit.

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

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

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

Filing of initial decisions by trial examiners is a new procedure authorized by the Commission during the fiscal year, pursuant to the Administrative Procedure Act. Formerly, trial examiners made "recommended decisions," with the "initial decision" being made by the Commission. The new procedure is one of several changes made by the Commission during the year to speed up the disposition of formal cases.

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

In the event a respondent or counsel supporting the complaint desires to appeal, a "notice of intention to appeal" must be filed within 10 days after service of the initial decision. An "appeal brief" must be filed within 30 days after service of the initial decision, with the brief of the party opposing appeal due within 20 days after service of the appeal brief. Oral argument may be heard by the Commission on request of either party.

On appeal or review, the Commission may exercise all the powers it would have exercised had it made the initial decision.

Under the Commission's rules, trial examiners are "charged with the duty of conducting a fair and impartial hearing" and may "perform no duties inconsistent with their duties and responsibilities as such." The rules specifically provide that they "shall not be responsible to, or subject to the supervision or direction of, any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for the Commission."

If the allegations of the complaint are sustained by the evidence, the trial examiner (or the Commission on appeal or review) makes findings as to the facts and conclusions of law, and an order is then issued requiring the respondent to cease and desist from the practice found to be violative of law. If the complaint is dismissed or the case closed, an appropriate order is likewise entered.

Up to and including the issuance of an order to cease and desist there is no difference in procedure, whether the case is under the Federal Trade Commission Act, the Clayton Act, or the Wool Products Labeling Act, but the Clayton Act provides a procedure for enforcement of cease-and-desist orders different from that specified by the other two acts.

Under the Federal Trade Commission Act and the Wool Products Labeling Act, an order to cease and desist becomes final 60 days after date of service upon the respondent, unless within that period the respondent petitions an appropriate United States court of appeals to review the order. In case of review, the order of the Commission becomes final after affirmance by the court of appeals or by the Supreme Court of the United States, if taken to that court on certiorari. Violation of an order to cease and desist after it becomes final subjects the offender to a civil penalty of not more than \$5,000 for each violation, recoverable by the United States.

Under the Clayton Act, an order to cease and desist does not become final by lapse of time. The order must be affirmed by a United States court of appeals on application for review by the respondent or upon petition of the Commission for enforcement. Thereafter, appropriate contempt proceedings may be brought in the particular court of appeals for violation of the court order.

Under all three acts, the respondent may apply to a court of appeals for review of an order and the court has power to affirm, or affirm after modification, or to set aside the order. Upon such application by the respondent and cross-application by the Commission, or upon application by the Commission for enforcement of an order under the Clayton Act, the court has power to enforce the order to the extent it is affirmed. In any event, either party may apply to the Supreme Court for review, by certiorari, of the action of the court of appeals

PROVISIONS OF WHEELER-LEA AMENDMENT FOR PREVENTING DISSEMINATION OF FALSE ADVERTISEMENTS

Sections 12 to 15, inclusive, of the Federal Trade Commission Act which were added by the Wheeler-Lea Act, approved March 21, 1938, make specific provision for the prevention of the dissemination of false advertisements of food, drugs, cosmetics, and devices intended for use in the diagnosis, prevention, or treatment of disease. The act as amended also empowers the Commission to prevent advertisers of food, drugs, devices, or cosmetics which may cause injury when used under prescribed or customary conditions, from disseminating advertisements that fail affirmatively to reveal that such products are dangerous or that their use under certain conditions may cause bodily injury.

In addition to the regular proceeding by way of complaint and order to cease and desist, the Commission may, in a proper case, bring suit in a United States district court to enjoin the dissemination of such false advertisements, whenever it has reason to believe that such a proceeding would be to the interest of the public. These temporary injunctions remain in effect until an order to cease and desist has been issued and has become final, or until the Commission's complaint is dismissed by the Commission or set aside by the court on review.

Further, the dissemination of a false advertisement of a food, drug, device, or cosmetic, where the use of the commodity advertised may be injurious to health or where the act of disseminating is with intent to defraud or mislead, constitutes a misdemeanor; and conviction subjects the offender to a fine of not more than \$5,000, or imprisonment of not more than 6 months, or both. Succeeding convictions may result in a fine of not more than \$10,000, or imprisonment of not more than 1 year, or both. The statute provides that the Commission shall certify this type of case to the Attorney General for institution of appropriate court proceedings.

ANTIMONOPOLY PROCEEDINGS

Investigation and trial of cases dealing with monopolistic practices are centered in the Bureau of Antimonopoly. Antimonopoly cases may be classified under one or more of the following heads:

(1) Restraints of trade or other monopolistic practices in violation of section 5 of the Federal Trade Commission Act;

(2) Discriminatory practices in violation of section 2 of the Clayton Antitrust Act, as amended by the Robinson-Patman Act.

(3) Tying and exclusive-dealing arrangements in violation of section 3 of the Clayton Antitrust Act.

(4) Acquisitions of the stock of competitors in violation of section 7 of the Clayton Antitrust Act.

(5) Interlocking directorates in violation of section 8 of the Clayton Antitrust Act.

It is the function of the Director of the Bureau to study and carefully consider each application for complaint for the purpose of determining whether investigation is warranted. Where it is concluded that field investigation should be undertaken, the matter is docketed for investigation and sent to the Bureau's Division of Investigation and Litigation for assignment to an attorney-examiner. Cases thus investigated progress upon the direction of the Commission to the status of either a formal complaint or closing without further action.

Most of the applications for complaint in cases involving restraints of trade or monopolistic tendencies come from businessmen who fear that the successful operation of their business may be threatened by the illegal practices of others. Some complaints are transferred from other agencies of the Government who receive complaints which appear to them to be within the jurisdiction of the Commission. Applications for complaint, particularly in the area of price-fixing, are frequently received from Government officials, national, State, and local, who have been unable to obtain competitive bids as required by the laws under which their purchases are made. The Commission also docketed for investigation a substantial number of complaints on its own motion.

Approximately 800 such applications for complaint involving alleged monopolistic practices were received during the year. If, as was frequently the case, the application contained what appeared to be a possible basis for investigation but not sufficient information to warrant immediate docketing, further information was developed through correspondence with the applicant. On the basis of the information thus obtained, only such matters as indicated a probable violation of the laws administered by the Commission were docketed for field investigation.

Investigations of matters involving charges of restraint of trade and monopolistic practices usually arise in connection with the administration of section of the Federal Trade Commission Act and sections 2, 3, and 7 of the Clayton Act.

Investigations under section 5 of the Federal Trade Commission Act were those involving "unfair methods of competition" in interstate commerce. Investigations in this category during the year covered price-fixing agreements, collusive bidding, conspiracy to control production and limit supplies, interference with source of supply, boycott, and refusal to sell and selling below cost with the intent and effect of injuring competition. Some of the more important products

involved were drills, drugs, bread, cement, cosmetics, building material, furniture, fabrics, insecticides, insurance, hydraulic jacks, hardware, metal moldings, motion picture films, shuttles, voting machines, and vending machines.

Section 2 of the Clayton Act, as amended by the Robinson-Patman Act, prohibits price discriminations which adversely affect competition and also certain other types of discrimination without regard to their specific competitive effect. Investigations in this category during the year covered price dissemination, unlawful payment of brokerage, and discrimination in the payment of allowances for advertising and promotional services, and in the rendering of services.

Some of the more important products involved were automotive parts and accessories, animal feeds, cleansers, drugs, dairy products, canned foods, books, foods, petroleum products, cholera serum, tobacco products, paper, refrigerating supplies, pipe fittings, powdered milk, propane gas, lining fabrics, and vulcanizing equipment.

Section 3 of the Clayton Act prohibits exclusive-dealing contracts made upon condition that the buyer or lessee will not deal in the goods, wares, or merchandise of competitors. Investigations in this category during the year covered exclusive-dealing and tie-in contracts relating to such products as airplanes, acetylene oxygen, automotive supplies, belting materials, carbon rolls, hearing devices, machine motors, and phonograph records.

There were pending also several investigations under section 7 of the Clayton Act, which prohibits the acquisition by one corporation of the stock of another corporation where the effect may be to substantially lessen competition, restrain commerce, or tend to create a monopoly.

With 316 antimonopoly cases pending at the beginning of the year and 280 entered for investigation during the year, the investigative staff completed 283 investigations, leaving pending on June 30, 1950, a total of 313 cases. A summary of the antimonopoly investigations handled during the year, classified according to their statutory basis, is set forth below:

Statutory basis of investigation	Pending July 1, 1949	Entered for investigation during year	Completed during year	Pending June 30, 1950
Federal Trade Commission Act: Restraint of trade (sec. 5) -----	¹ 168	107	130	² 146
Clayton Act:				
Sec. 2 -----	122	166	140	148
Sec. 3 -----	20	7	13	14
Sec. 7. -----	6	0	0	² 5
Total -----	<u>316</u>	<u>280</u>	<u>283</u>	<u>313</u>

¹ This total includes 20 cases which were shown under a different classification in the 1949 annual report.

² Statutory basis of 1 case changed from sec. 7, Clayton Act, to sec. 5, F.T.C. Act.

Trial of cases in which the Commission issues formal complaints charging monopolistic practices is also the function of the Bureau of Antimonopoly. Attorneys on the Bureau's staff are responsible for all steps in the litigation of cases from receipt of completed investigational files containing recommendations that complaints issue until issuance by the Commission of its final order.

A summary of antimonopoly complaints and orders issued during; the fiscal year begins at page 48.

PROCEEDINGS INVOLVING DECEPTIVE PRACTICES

Legal activities relating to false advertising and other forms of deception are the responsibility of the Bureau of Antideceptive Practices. Its duties embrace the investigation and trial of all cases involving "unfair methods of competition" and "unfair or deceptive acts or practices" violative of the Federal Trade Commission Act, except those in which restraints of trade are alleged. It also administers the Wool Products Labeling Act and conducts investigations in connection with the Commission's duties under the Lanham TradeMark Act.

Screening of applications for complaint in this field is conducted by the Chief, Division of Investigation, and the Chief, Division of Radio and Periodical Advertising, upon assignment by the Bureau Director. This preliminary consideration of applications for complaint received from outside sources is designed to eliminate matters over which the Commission lacks jurisdiction or in which public interest is absent in order that the investigative facilities of the Commission may be utilized to the utmost advantage.

FIELD INVESTIGATIONS

The Division of Investigation handles the field investigation of deceptive practice cases. The following table shows the number of investigations in various classifications during the year:

Statutory basis of investigation	Pending July 1, 1949	Received during year	Completed during year	Pending June 30, 1950
Federal Trade Commission Act				
Deceptive practices (secs. 5 and 12) - - -	¹ 457	650	769	338
Wool labeling (sec. 5) - - - - -	2	3	4	1
Lanham Trade-Mark Act - - - - -	7	1	7	1
Total - - - - -	<u>466</u>	<u>654</u>	<u>780</u>	<u>340</u>

¹ This total includes 4 cases which were shown under a different classification in the 1949 annual report.

Of the deceptive practice investigations completed by the division during the fiscal year, 42 were for the purpose of determining com-

pliance with cease and desist orders. Fifteen compliance cases were pending at the beginning of the year, 41 new cases were received for investigation, and 13 were pending for investigation on June 30, 1950.

Products accounting for substantial numbers of cases handled in the field of false advertising and misrepresentation during the fiscal year were clothing, food, medical devices, medicinal preparations, cosmetics, correspondence courses, building materials, automotive products and accessories, insecticides and related products, household items such as furniture, rugs, china, silverware, and shades; books, magazines, jewelry, electrical appliances, and tobacco products.

In addition to false and misleading advertising, the charges included lottery methods of sale, deceptive labeling, failure to deliver, failure to make refunds, disparagement of competitive products, fictitious price marking, misrepresentation of contract terms, failure to disclose country of origin, misrepresentation of type of business, and simulation of trade-names and products. Six of the cases investigated involved insurance companies.

In the administration of the Wheeler-Lea amendment to the Federal Trade Commission Act, special attention was given to representations concerning medical preparations and therapeutic devices, the use of which might be injurious to health. Investigations conducted under this section covered a large variety of prepared food products, drugs, remedies for home use, cosmetics, hearing aids, sun lamps, diathermy machines, so-called arthritic remedies, vitamin and mineral preparations, hair and scalp treatments, health garments, surgical supplies, dental alloys and supplies, and eye glasses.

SURVEY OF RADIO AND PERIODICAL ADVERTISING

Through its Division of Radio and Periodical Advertising, the Commission conducts a continuing survey of published and broadcast advertising. The purpose of the survey is to detect false and misleading advertising in violation of the Federal Trade Commission Act and to bring about its discontinuance.

The staff of this Division examines and appraises from a consumer viewpoint advertisements appearing in current issues of magazines, newspapers, farm and trade journals, mail-order catalogs, and radio and television commercial continuities. In this way, advertisements which appear to be false, misleading, or deceptive are discovered and referred for further study and checking by attorney-examiners of the Division.

Method and scope of survey.—It has been found advisable to call for some newspapers and magazines on a continuing basis because of the persistently questionable character of the advertisements pub-

ished, but as to most of the 20,000 publications circulated in this country, copies of current issues are generally procured on a staggered monthly basis at an average rate of three times yearly for each publication. The frequency of the calls for each publication depends upon its circulation and the character of its advertisements.

The Division received mail-order catalogs and circulars from 50 mail-order houses, five of which had combined annual sales of \$3,488,-756,473.

The frequency of calls for commercial continuities from individual radio stations is proportioned to the population of the communities in which the stations are located. Commercial script broadcast by radio stations in small cities is sampled once yearly; stations in cities of intermediate size, twice yearly; and stations in cities with a population of 200,000 or more, three times yearly on a systematically staggered schedule. The national and regional networks respond on a continuous weekly basis, and producers of electrical transcription recordings submit texts of commercial portions of all recordings once each month.

Expanding construction of new television broadcast stations resulted in an appreciable increase in the volume of commercial script received. Requests for samplings and commercial script were issued to 97 television stations by the Commission during the fiscal year, and commercial continuities were received also from television networks and producers of television advertising film.

The following table summarizes the extent and results of the survey.

SURVEY OF ADVERTISING—SUMMARY, FISCAL YEAR 1950

Source	Material received	Number of advertisements examined	Number of Advertisements set aside as questionable
Mail-order catalogs ---	11,095 pages -----	11,095 (pages) -----	284
Periodicals -----	1627 newspapers -----		
Radio -----	1225 magazines, etc. -----	336,150 -----	14,998
Television -----	839 091 continuities ¹ -----	759,729 ² -----	13,384
	36,787 continuities -----	35,422 -----	714
Total -----	-----	-----	29,380

¹ Aggregating 1,847,500 typewritten pages.

² Aggregating 1,725,072 typewritten pages.

In addition to providing the basis for docketing of applications for complaint and for determining compliance with cease-and-desist orders and stipulations, the survey also is useful in determining whether a trade practice conference may be warranted in a particular industry and in checking observance of promulgated trade practice rules.

As a special project, all advertisements of alcoholic beverages are assembled for study and appraisal, with a view to proceeding in all instances where the statute appears to be violated, and to assist the Alcohol Tax Unit, Bureau of Internal Revenue, in its administration of the Federal Alcohol, Administration Act. By special arrangement, all radio advertisements of alcoholic beverages are set aside for examination and use by representatives of that agency.

As another project, all radio and periodical advertisements of cigarettes are assembled, processed, and given special study looking to the docketing of applications for complaint where warranted.

New legislation during the year led to a third special project. In connection with Public Law 459 Eighty-first Congress (an act to regulate oleomargarine, etc.), all advertisements of oleomargarine are assembled, processed, and given special study looking to the docketing of applications for complaint where warranted.

Other investigative activities.—The Division of Radio and Periodical Advertising also conducts investigations by correspondence, conference, and research, of docketed individual applications for complaint, as well as industry-wide; investigations and surveys.

Cases handled.—At the close of the year, a total of 304 individual cases were pending in the Division of Radio and Periodical Advertising, as compared with 458 at the close of the previous fiscal year. During the fiscal year, 377 investigations were completed, and 223 new investigations were initiated, 133 of which originated through the Division's survey of advertising; 76 through complaints from consumers and competitors; and 14 by reference from the Commission. Settlement by stipulation was recommended in 81 cases, and issuance of formal complaints in 26 cases. Fifty-three cases were closed after a proper showing of voluntary correction by the advertisers.

During the fiscal year, the Division completed an investigation of the manufacturers and large distributors of crib mattresses, carriage mattresses, play-pen pads, and similar products on an industry-wide basis, involving the advertising and promotional practices of 20 companies.

As the year ended, the Division was conducting industry-wide investigations with respect to the advertising of 101 manufacturers of so-called orthopedic and "health" shoes and 20 companies manufacturing and distributing arch supports and other chiropodic appliances. Also, during the year, the Division initiated and completed an investigation of the promotional practices of all manufacturers and large distributors of antihistaminic drug preparations advertised for the cure or relief of colds. This investigation covered the practices of 30 companies. Special project investigations were conducted with

respect to the practices of manufacturers of radio and television receiving sets, cigarettes, alcoholic beverages, and liquid starches.

Correspondence handled by the Division during the year totaled 3,544 incoming pieces of mail and 10,707 outgoing pieces.

Procedure in advertising cases.—If it appears that a published or broadcast advertisement may be false or misleading, an investigation is initiated by correspondence. The advertiser is requested to furnish necessary factual data, including representative specimens of all advertising copy for the product during a 6-month period, the quantitative formula if the product is a compound, and a sample of the product advertised.

Upon receipt of these data, scientific opinions are obtained, based upon the sample and formula. list of the claims that appear to be false and misleading is then sent to the advertiser who is invited to submit informally by letter, in person, or by counsel, factual and scientific data in support of the representations in question.

If, after a consideration of all evidence, including that furnished by the advertiser, the questioned claims appear to be false and misleading, the Division reports the matter to the Commission with a recommendation for issuance of a formal complaint, for negotiation of a stipulation to cease and desist, or for other appropriate action.

ADMINISTRATION OF WOOL ACT

The Wool Products Labeling Act provides, in substance, that purchasers shall be informed as to the true content of products which are made or purport to be made in whole or in part of woolen fiber. It is designed to safeguard producers, manufacturers, merchants, and the public generally against deception and unscrupulous competition arising from misbranding and nondisclosure of content information.

The fiber content of articles containing, purporting to contain, or represented as containing "wool," "reprocessed wool," or "reused wool" is required to be disclosed by appropriate stamp, tag, label, or other mark. The act applies to such articles, with certain exceptions, when manufactured for, or marketed in, "commerce."

The act requires that the label or other identification mark disclose the kind and percentage of each different fiber contained in the product, including the percentages of "wool," "reprocessed wool," and "reused wool," and also the maximum percentage of loading and adulterating material, if any. The identity of the manufacturer or of a person or firm marketing the product in interstate commerce must also appear on the label. The label, or a proper substitute containing the information specified by the statute, is not to be removed or mutilated.

by the dealer but is to remain on the merchandise when delivered to the purchaser-consumer.

Manufacturers of wool products subject to the act are required to maintain and preserve fiber-content records. Civil penalties are provided for failure to maintain such records.

Products covered by the act include not only finished articles such as wearing apparel and blankets but; also the yarns and fabrics from which they are made. These products come from approximately 100 industries and are marketed through an estimated 250,000 distributor and dealer outlets.

Rules and regulators under Wool Act.—Rules and regulations promulgated by the Commission under the authority of the statute are available upon request in booklet form. They provide for manufacturers, distributors, and dealers, guidance on how to comply fully with the law.²

Registered identification numbers.—Rule 4 of the regulations as amended provides that registered identification numbers may be assigned upon proper application³ not only to manufacturers of wool products but also to persons subject to the labeling requirements of the act who market wool products in interstate commerce. It also provides that a registered identification number may be used on the required wool products tag, label, or other mark as and for the name of the person to whom the number is assigned. At the close of the fiscal year, 8,618 registered identification numbers had been assigned, an increase of 1,315 over the preceding fiscal year.

Continuing guaranties.—For the purpose of protecting distributors, dealers, and other resellers, from the charge of misbranding when relying in good faith upon the statement of content furnished by the supplier, provision is made for a guaranty on the part of the supplier. It may be either a separate guaranty specifically designating the wool product guaranteed or a continuing guaranty filed with the Commission and applicable to all products handled by the guarantor. Continuing guaranties must be renewed annually or whenever there is any change in ownership or management of the guarantor. During the fiscal year, 1,097 continuing guaranties were filed with the Commission. These have been recorded and are open to public inspection.

Enforcement.—In cases involving misbranding which require corrective action by formal proceedings, the use of the cease-and-desist order procedure has proved adequate. The supporting procedures

² The Commission has also issued a publication (W-31a) setting forth illustrations, with explanatory text, of certain forms of labels and tags which are acceptable under the Act. Manufacturers, distributors, dealers, and other interested parties may obtain the leaflet upon request to the Commission.

³ Application blanks for registered identification numbers may be obtained upon request.

(condemnation and injunction specifically provided by the Wool Act are available when needed, however, and in cases of deliberate or willful violation, criminal penalties may be sought.

During, the year, upon request of the Commission, civil penalty suits were filed in the United States District (Court for the Southern District of New York against two manufacturers of wool products for failure to maintain and preserve the fiber content records required by the Wool Act.⁴

Administrative compliance work included field inspection and industry counseling, which, in most instances, resulted in voluntary correction of labeling practices by concerns throughout the country. Compliance inspection work was carried on with 11,968 manufacturers, distributors, and other dealers in wool products in all 48 States and the Territory of Alaska and covered approximately 22,000,000 articles. During the preceding fiscal year, compliance inspections of 9,781 concerns were made.

Cases involving labeling deficiencies of a minor nature were handled for the most part through informal corrective procedures without resort to formal action. In relatively few cases has it been necessary to invoke formal corrective proceedings.⁵ Informal administrative compliance work has proved an effective and economical method of protecting the public interest in this field.

DIVISION OF MEDICAL OPINIONS

The Division of Medical Opinions furnishes the Commission with scientific facts and opinions in connection with the determination of the truth or falsity of advertising claims made for food, drugs, curative devices, cosmetics, and other commodities. It arranges for analyses of samples of products under investigation and gathers information with respect to their composition, nature, effectiveness, and safety.

The Division provides medical opinions and scientific information needed in the preparation of formal complaints, the negotiation of stipulation agreements, and the drafting of affidavits of scientific experts. During the fiscal year it prepared 393 written opinions and rendered many oral opinions. A substantial amount of time was devoted to assisting the Commission's staff in its preparation for hearings in cases in which questions of science arose and to attending hearings, particularly where scientific witnesses were under cross-examination. The services of expert scientific witnesses were obtained in cases where it was necessary to determine scientific questions.

⁴ See p. 58.

⁵ For complaints alleging violations of the Wool Products Labeling Act, see p. 51; for Commission orders directed against such violations, see p. 54.

During the year, 28 experts testified as witnesses in Commission cases.

The Chief of the Division of Medical Opinions is the Commission's liaison officer with the Food and Drug Administration and with the Insecticide Division, Livestock Branch, Production and Marketing Administration of the Department of Agriculture. Cooperation with these agencies has brought to the Commission necessary information and other assistance in handling cases involving food, drugs, devices, cosmetics, and "economic poisons" such as insecticides, rodenticides, fungicides, and weed exterminators.

FORMAL COMPLAINTS

During the fiscal year the Commission issued 124 formal complaints alleging violations of the laws it administers and reopened 2 cases. Of these 124 new cases, 90 charged violation of the Federal Trade Commission Act; 22 violation of the Clayton Act; 1 violation of both the Federal Trade Commission Act and the Clayton list; and 11 violation of both the Wool Products Labeling Act and the Federal Trade Commission Act. Seventy-seven of these complaints were antimonopoly cases, 4 charging violation of the Federal Trade Commission Act; 22 violation of the Clayton Act; and 1 violation of both these acts.

I. Complaints under Federal Trade Commission Act

A. PRICE-FIXING COMBINATIONS AND RESTRAINT-OF-TRADE PRACTICES

[Complaints referred to are identified by accompanying docket numbers.]

Five complaints were issued alleging use of unfair methods of competition which unlawfully restrained trade. One charged a price-fixing conspiracy, and the others, oppressive practices tending to hinder and suppress competition. This type of proceeding is illustrated by the following complaints:

Vitrified China Association, Inc., Washington, D.C., and others.— Involved in this proceeding are a national trade association, and 14 manufacturers of vitrified chinaware. These respondents constitute substantially all the manufacturers of such chinaware, including both household dinnerware and hotel ware. The complaint charged that, with the assistance of the association and its officials, the manufacturers cooperatively agreed upon base list prices, the amounts to be added to and deducted from base list prices, and the terms and conditions under which vitrified chinaware was to be sold (5719).

Automatic Voting Machine Corp., Jamestown, N. Y., and others.— This corporation, whose voting machines are used in 90 percent of all United States communities utilizing the devices, and 11 individuals, as corporate officers, directors, or employees, were charged with unlawfully harassing a competitor and falsely disparaging his product. Among other charges, the complaint alleged that Automatic has represented falsely to prospective customers that its competitor's financial stability was questionable and has instigated or supported "vexatious and groundless" lawsuits designed to prevent the consummation of purchase transactions between various public bodies and its competitor. These practices, according to the complaint, tend to give Automatic a "complete monopoly" (5776).

Other complaints alleged unfair and monopolistic practices in the distribution of hair canvas used as interlinings and facings in wearing apparel (5783), tax-free cigarettes sold in the port of New York (5747), anti motorcycles and related equipment (5698).

B. FALSE ADVERTISING AND MISREPRESENTATION

A total of 72 complaints charged false and misleading advertising and other types of misrepresentation. Although some involved more than one classification, they may be classified broadly as follows:

Twenty-three complaints alleged false and misleading representations with respect to the therapeutic properties of medicinal preparations and devices, including, in some cases, deceptive failure to reveal potential dangers in the use of the advertised products; 11 charged misrepresentation with regard to the results to be obtained from the use of 1 product; 20 misrepresentation as to origin, composition, condition, quality, price, special offers, or limited supply; 3 misrepresentation by correspondence schools as to size, benefits to be obtained, and official sponsorship; misrepresentation in the sale of books and aluminumware; 9 misrepresentation as to business status and advantages to be gained in dealing with respondents; and 1 appropriation and passing off products as those of a competitor.

Among these complaints were five charging misrepresentation of the effectiveness of antihistamine preparations in the treatment of the common cold (5752, 5753, 5754, 5763, and 5772). After issuance of the complaints, the cases were settled when the five companies entered into voluntary stipulation-agreements with the Commission to discontinue "unjustified claims" for their products. Under the terms of the stipulations, the companies agree that they will not represent that their preparations "will cure, prevent, abort, eliminate, stop, or shorten the duration of, the common cold." The stipulations do not

prohibit claims, however, that the products relieve or check, and in many cases stop, the symptoms or manifestations of the common cold, and that they are safe when taken in accordance with directions on the labels.

The companies were: Bristol-Myers Co., New York (Resistab); Anahist Co., Inc., Yonkers, X. Y. (Anahist); Whitehall Pharmacal Co., New York (Kriptin); Union Pharmaceutical Co., Inc., Montclair, N. J. (Inhiston); and the Grove Laboratories, Inc., St. Louis (Antamine) .

C. MISCELLANEOUS COMPLAINTS

Ten complaints charged unlawful sale of lottery devices, either separately or in combination with other merchandise; 3, use of deceptive methods to obtain the addresses of delinquent debtors; and 1, unauthorized shipments of merchandise and unfair methods of collections.

II. Complaints Under Clayton Antitrust Act, as Amended by Robinson-Patman Act

A. VIOLATION OF SECTION 2 (a)

Seventeen complaints alleged price discriminations which may injure, destroy, or prevent competition or tend to create a monopoly. Representative cases include the following:

Ideal Cement Co., Denver, Colo., and others.—The charges in this case were to the effect that the company charged 20 cents a barrel more for cement sold to purchasers using trucks than for cement bought by other customers transporting their cement by rail (5670). A similar complaint was issued in another case (5671). Both complaints alleged that the effect of the discriminations may be to injure, destroy, or prevent competition between those receiving the lower price and those not so favored.

General Foods Corp., New York.—This corporation was charged with selling its prepared pectin products, Certo and Sure-Jell, in some areas at substantially lower prices than in others. The complaint alleged that these discriminations in price may substantially lessen competition between General Foods and its competitors (5675).

Eight other complaints alleged price discriminations in the sale of automobile accessories and supplies (5720 through 5723 and 5768 through 5771). In other cases, the products involved were rubber and canvas footwear (5677), malted milk products (5701), and radio tubes (5728). Respondents named in these complaints included the B. F. Goodrich Co. (5677), Horlicks Corp. (5701), Whitaker Cable Corp. (5722), Sylvania Electric Products, Inc. (4728), and Federal-Mogul Corp. (5769).

B. VIOLATION OF SECTION 2 (c)

Violation of section 2 (c) was charged where a food brokerage firm accepted from sellers brokerage fees on transactions with a wholesale grocery concern by which it was allegedly controlled through common ownership and family ties (5784).

C. VIOLATION OF SECTION 2 (d)

A complaint under this section charged two dress manufacturers with paying some customers for advertising services or facilities without making similar payments available to other customers on proportionally equal terms (5735).

D. VIOLATION OF SECTION 2 (e)

A publisher of school books was charged with providing some customers with certain services and facilities which were not proportionally available to all customers (5773).

E. VIOLATION OF SECTION 2 (f)

In three complaints alleging violation of this provision, jobbers of automotive parts and supplies were charged with knowingly inducing and receiving unlawfully discriminatory prices (5724, 5766, and 5767).

F. VIOLATION OF SECTION 3

Use of exclusive-dealing contracts prohibited by this section was charged in three complaints. The respondents and their products are Revlon Products Corp. (5685), cosmetic products; Harley-Davidson Motor Co. (5698), motorcycles and related equipment; and Horlicks Corp. (5701), malted milk products.

III. Complaints Under Wool Products Labeling Act

Eleven complaints alleged that wool products were misbranded in violation of the Wool Products Labeling Act and the rules and relations promulgated thereunder, in that they were not labeled so as to disclose the kinds and percentages of the different fibers of which the fabrics were made and the identity of the manufacturer or other seller of the products. One complaint also charged unlawful removal from wool products of required content and identification information.

The complaints charged that these misbranding practices also were unfair and deceptive in violation of the Federal Trade Commission Act.

ORDERS TO CEASE AND DESIST

During the fiscal year, the Commission issued 79 orders to cease and desist from the use

of unfair methods of competition and other violations of the laws it administers. Sixteen of the orders were directed

against monopolistic practices. The following cases are illustrative of the orders issued:

I. Orders Under Federal Trade Commission Act

A. PRICE-FIXING AND RESTRAINT-OF-TRADE CASES

The Package Advertising Co., New York.—The Commission ordered this company, which owned patents and trade-marks in connection with printed waxed paper bands used extensively in the wrapping of bread and other bakery products, to stop agreeing with other manufacturers or distributors with regard to the prices or terms at which, or the territories in which, sales of wrapper bands not manufactured or sold by it should be made (5416).

American Dental Trade Association, Washington, and others.—This trade association, its officers, and 143 manufacturers and distributors were ordered to cease and desist from conspiring to fix prices and from entering into other agreements restraining trade in the sale of dental goods. The respondents distribute over 75 percent of the dental goods manufactured and sold in the United States (5636).

B. FALSE ADVERTISING OF DRUGS AND COSMETICS

Bristol-Myers Co., New York.—This company was ordered to cease advertising that the use of Ipana Tooth Paste with massage will prevent "pink tooth brush," aid in the treatment of its causes, or impart firmness and health to the awns; that Ipana has any significant therapeutic value in the treatment of mouth, tooth, or gum diseases; or that modern diets do not give the gums sufficient exercise or stimulation. The order also prohibits claims that twice as many United States dentists personally use Ipana as any other dentifrice and that more United States dentists recommend Ipana for use by their patients than any other two dentifrices combined (4861).

Geo-Mineral Co., St. Louis.—The order in this case was directed against advertising claims that Geo-Mineral, a medicinal preparation, is a competent or effective treatment for a large number of diseases and conditions. The practical effect of the order is to limit the claims for the product to conditions arising solely because of an inadequate intake of iron (5666).

Carter Products, Inc., New York, and others.—The Commission ordered this company and its advertising agency to stop representing that the deodorant cosmetic, Arrid, stops underarm perspiration or is more than temporarily effective in reducing the flow of perspiration. Claims that the preparation is safe or harmless are banned unless accompanied by a disclosure that it may cause irritation of sensitive skin (4960). (Petition for court review pending.)

V. M. Products, Chicago.—This firm was forbidden to represent that the product known as V. M. or Vegemucene has any significant beneficial effect on hyperacidity or will correct hyperacid conditions, or that it constitutes an effective relief, treatment, or cure for inflammation and ulcers of the stomach or intestines, gas stomach, colitis, or acid stomach (5574). (Petition for court review pending.)

C. UNFAIR PRACTICES OTHER THAN MISREPRESENTATION OF DRUGS AND COSMETICS

P. Lorillard Co., Jersey City, N. J.—The order in this proceeding prohibited advertising claims that Old Gold cigarettes contain Less nicotine, tars, and resins, and are less irritating to the throat, than any of the other leading brands of cigarettes. It also banned false advertising of Beech-Nut and Sensation cigarettes and Friends smoking tobacco. Claims for Beech-Nut cigarettes forbidden by the order are to the effect that they will not harm or irritate the throat; that they will provide a defense against throat irritation; or that their extra length will filter out harmful properties or cause the smoke to be cooler than that from other brands. Sensation cigarettes may not be advertised, according to the order, as made of extra-choice imported and domestic tobaccos; as top quality; or as made from the finest tobacco that can be bought. As to Friends smoking tobacco the order prohibited representations that it is rum-cured; that the process by which a rum flavor is added to it enriches the tobacco or causes its smoke to be cooler or less irritating to the throat; that the smoke will not irritate the mouth or throat; or that it is cool or free from bite, burn, or harshness (4922).

R. J. Reynolds Tobacco Co., Jersey City, N. J.—This company was directed to discontinue advertising that Camel cigarettes contain less nicotine than other leading brands and will never harm or irritate the throat. The order also prohibited claims that smoking Camels encourages the flow of digestive fluids, increases the alkalinity of the digestive tract, or aids digestion in any respect; that their use relieves fatigue or creates, restores, renews, or releases bodily energy; that their use does not affect the physical condition of athletes; that the smoke from Camels is soothing, restful, or comforting to the nerves and protects one against nerve strain. Another provision banned representations that Camels differ in any of these respects from other leading brands (4795). (Petition for court review pending.)

Steelco Stainless Steel, Inc., Chicago, and others.—In this case, the Commission prohibited misrepresentation of stainless steel cooking utensils and unfair disparagement of competing products. The company was ordered to stop representing that ordinary cooking methods

and the use of utensils other than Steelco will result in destruction or loss of vitamins, minerals, or other food elements so as to prevent the consumer from receiving his minimum requirements, or that food prepared in aluminum utensils is detrimental to health (5530). (Petition for court review pending.)

II. Orders Under Clayton Antitrust Act, as amended by Robinson-Patman Act

A. VIOLATION OF SECTION 2 (a)

The Ruberoid Co., New York.—The Commission ordered this company—one of the Nation's largest manufacturers of asbestos and asphalt building materials—to cease and desist from price discrimination in selling asphalt and asbestos roofing materials to customers who compete with each other. This manufacturer was found to have granted percent discounts to some customers and not to others, even though all were competing with each other in the same trade area (5017). (Petition for court review pending.)

B. VIOLATION OF SECTION 2 (c)

Philip Barr & Co., Inc., New York, and others.—These dealers in food products were ordered by the Commission to stop accepting brokerage from sellers in connection with purchases made for their own account (5651).

C. VIOLATION OF SECTION 2 (f)

National Tea Co., Chicago.—The Commission ordered this firm, which operates a chain of some 700 retail grocery stores, to stop knowingly inducing or receiving from sellers unlawfully discriminatory prices or discounts (5648).

D. VIOLATION OF SECTION 3 OF CLAYTON ACT

Automatic Canteen Co. of America, Chicago.—The order in this case required Automatic to stop using exclusive-dealing contracts in the lease or sale of automatic vending machines or in the sale of only and other confectionery products. The Commission found that the corporation's policy of requiring its distributors to operate no vending machines other than Automatic's and to buy their confectionery only from Automatic, substantially lessened competition and tended toward monopoly (4933). (Petition for court review pending.)

III. Orders Under Wool Products Labeling Act

A typical order issued by the Commission under this Act is as follows:

Lady Carole Coats, Inc., New York, and others.—This company, engaged in the manufacture and sale of women's coats, was ordered to discontinue selling products containing wool without labeling them

to show the information required by the Wool Product Labeling Act, including the percentages of the various fibers from which they are made.

CASES IN FEDERAL COURTS

During the fiscal year there were 18 proceedings to which the Commission was a party in the Supreme Court of the United States and in Federal courts of appeals. All arose on petitions to review orders to cease and desist.

Decision's favorable to the Commission were obtained in four cases in courts of appeals (including three dismissals of petitions to review) and in one case in the Supreme Court (denial of a petition for certiorari to review affirmance of a Commission order by a court of appeals) .

There was one decision adverse to the Commission when a court of appeals granted the modifications sought by the petitioner. There was a slight modification in one other case.

Pending in the Supreme Court at the close of the fiscal year was a petition for certiorari, filed by the Solicitor General at the instance of the Commission, to review the action of a court of appeals in modifying an order to cease and desist. Another case, argued before the Supreme Court during the fiscal year, was ordered restored to the court's docket for reargument during the October 1950 term.

During the year, certiorari was denied by the Supreme Court to a petitioner seeking review of a court of appeals decision affirming a Commission order.

Seven new petitions to review Commission orders to cease and desist were filed during the fiscal year.

Besides these 18 cases involving petitions for review, there were 10 others in which the Commission was a party or which were brought in the name of the United States at the request of the Commission.

In two cases seeking injunctions and forfeitures for failure to file special reports, the Supreme Court reversed a court of appeals and upheld the authority of the Commission to require the filing of the reports. Judgment for the Government was obtained in an action seeking civil penalties for violation of a Commission order. Four such penalty suits remained pending as the year closed.

Two suits were brought, at the request of the Commission, for recovery of penalties for failure to keep records required by the Wool Products Labeling Act. These were pending in a district court at the end of the year.

The Commission was defendant in five district court cases seeking to enjoin a Commission proceeding. Judgment for the Commission was ordered in all these cases.

PETITIONS TO REVIEW CEASE-AND-DESIST ORDERS

Cases in the Supreme Court of the United States and courts of appeals involving Commission cease-and-desist orders are summarized below. (Except where otherwise indicated, cases involved violation of the Federal Trade Commission Act. Courts of appeals are designated as "First Circuit (Boston)," etc.)

Cases Decided by the Courts

Alberty Food Products, Hollywood, Calif., and others.—The District of Columbia Circuit, in a two-to-one decision, granted the modifications sought by petitioners and affirmed the Commission's order as thus modified, prohibiting certain misrepresentations of the therapeutic properties of food and drug products.

Americana Corp., Chicago.—The Second Circuit (New York), pursuant to stipulation of counsel, dismissed the petition to review the Commission's order banning deceptive practices in the sale of encyclopedias.

Artra Cosmetics, Inc., Bloomfield, N. J.—The Third Circuit (Philadelphia), pursuant to stipulation of counsel, dismissed the petition to review the Commission's order banning false and misleading advertising of a depilatory preparation.

Crown Manufacturers Association of America, Washington and others.—The Fourth Circuit (Richmond) affirmed, with slight modification, the Commission order against a price-fixing combination among manufacturers of crown bottle-caps.

Decker Products Co., Pelham, N. Y., and others.—The Supreme Court denied a petition for writ of certiorari to review a District of Columbia decision affirming the Commission's order against false and misleading advertising of Vacudex, a device represented as saving gasoline.

Dr. F. A. Newcomb, Lawrence, Kans.—The Tenth Circuit (Denver) dismissed, for failure to prosecute, a petition to review the Commission's order banning false and misleading advertising in the sale of a medical device.

Cases Pending in the Courts

Alberty Food Products, Hollywood, Calif., and others.—Supreme Court, petition for writ of certiorari to review decision of the District of Columbia Circuit modifying Commission's order against misrepresentation of the therapeutic properties of food and drug products.⁶

⁶ Certiorari denied October 9, 1950.

Bristol-Meyers Co., New York.—Fourth Circuit (Richmond), false and misleading advertising of Ipana toothpaste⁷.

Carter Products, Inc., New York, and others.—Seventh Circuit (Chicago), false and misleading advertising of Arrid, a deodorant cosmetic.

Concrete Materials Corp., Chicago.—Seventh Circuit (Chicago), misrepresentation of so-called waterproofing compounds.

Jack Galter, Chicago, and others (Elgin Razor Corp.).—Seventh Circuit (Chicago), false and misleading advertising in the sale of razors, clocks, and other merchandise.

Gold-Tone Studios, Inc., Rochester, N. Y., and others.—Second Circuit (New York), misrepresentation in the sale of photographs.⁸

Minneapolis-Honeywell Regulator Co., Minneapolis.—Seventh Circuit (Chicago), sales practices tending to restrain trade and to create a monopoly in the sale of automatic temperature controls, in violation of the Federal Trade Commission Act and sections 2 (a) and 3 of the Clayton Antitrust Act.

R. J. Reynolds Tobacco Co., Winston-Salem, N. C.—Seventh Circuit (Chicago), false and misleading advertising of Camel cigarettes.

Benjamin D. Ritholz, Chicago, and others.—Seventh Circuit (Chicago), deceptive practices in the sale of eyeglasses.

Ruberoid Co., New York.—Second Circuit (New York), price discrimination in the sale of roofing materials, in violation of section 2 (a) of the Clayton Act.

Standard Oil Co. (an Indiana corporation), Chicago.—Supreme Court, certiorari granted to review decision of the Seventh Circuit (Chicago), modifying and affirming as modified the Commission's order against price discrimination in the sale of gasoline, in violation of section 2 (a) of the Clayton Act.

Steelco Stainless Steel, Inc., and others, Chicago.—Seventh Circuit (Chicago), deceptive practices in the sale of kitchen utensils.

OTHER COURT CASES INVOLVING THE COMMISSION

Cases Decided by the Courts

U. S. v. Morton Salt Co.; U. S. v. International Salt Co.—The Supreme Court reversed the Seventh Circuit (Chicago) and sustained Commission orders requiring the filing of special reports of compliance.

Goodyear Tire Rubber Co. v. Federal Trade Commission; B. F. Goodrich Co. v. Federal Trade Commission; United States Rubber

⁷ Order of Commission affirmed November 9, 1950.

⁸ Order of Commission affirmed, with some modification, July 5, 1950.

Co. v. Federal Trade Commission; Firestone tire & rubber Co. v. Federal Trade Commission; Montgomery Ward & Co., Inc. v. Federal trade Commission.—Petitions for injunctions to prevent further action by the Commission in a quantity-limit proceeding in the rubber tire industry denied by the United States District Court (District of Columbia).

U.S. v. Atlantic Coast Oil Co. of New York, Inc.—Judgement of \$2,500 in suit for civil penalties in the United States District Court (Brooklyn) for violation of a Commission order to cease and desist.

Cases pending in the Courts

U.S. v. Morton Salt Co.; U.S. v. International Salt Co.—Pending in the United States District Court (Chicago) for injunction and penalties for failure to file special reports of compliance.

U.S. v. Lady Carole Coats, Inc., and others; U.S. v. Shelbrooke Coats, and others.—Suits for penalties for failure to keep records under the Wool Products Labeling Act filed in the United States District Court (New York City).

U.S. v. Korjena Medicine Co., and others; U.S. v. Oland D. Redd.— Suits for civil penalties for violation of a Commission order to cease and desist pending in the United States District Court (Buffalo).

U.S. v. Standard Education Society, and others.—suit for civil penalties for violation of a Commission order to cease and desist pending in the United States District Court (Chicago).

U.S. v. Gerald A Rice, and others.—Suit for civil penalties for violation of a Commission order to cease and desist pending in the United States District Court (Seattle).

ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION, 1950
 TABLES SUMMARIZING LEGAL WORK OF THE COMMISSION AND
 COURT PROCEEDINGS, 1949-50

TABLE I-Case work, fiscal years 1949 and 1950

	Applications for complaint ¹		Complaints ²	
	1949	1950	1949	1950
Pending beginning of year -----	1,378	1,554	320	328
Docketed -----	1,177	627	96	124
Settlements by stipulation vacated -----	3	3	-----	-----
Closed cases reopened -----	3	11	-----	-----
Orders to cease and desist vacated -----	-----	-----	1	2
Total for disposition -----	2,561	2,195	417	454
To complaint -----	90	104	-----	-----
Consolidated with other proceedings -----	6	18	-----	-----
Settled by stipulation -----	126	147	5	2
Settled by acceptance of Trade Practice Conference rules -----	-----	-----	3	2
Dismissed or closed -----	785	760	33	60
Orders to cease and desist -----	-----	-----	47	79
Complaints rescinded -----	-----	-----	1	-----
Total dispositions -----	1,007	1,029	89	143
Pending end of year -----	1,554	1,166	328	311

¹ These are cases docketed for investigation.

² These are cases in which the Commission issues a formal complaint charging violation of 1 or more of the statutes it administers.

TABLE II.—Court proceedings, fiscal years 1949 and 1950

	Petitions for review of orders to cease and desist				Mandamus, injunctions, etc.	
	Court of appeals		Supreme Court of the United States		1949	1950
	1949	1950	1949	1950		
Pending beginning of year -----	9	8	-----	1	3	-----
Cases appealed -----	6	7	3	2	-----	-----
Suits instituted -----	-----	-----	-----	-----	-----	5
Total for disposition -----	15	15	3	3	3	5
Decisions for Federal Trade Commission -----	5	1	1	-----	3	5
Decisions for others -----	1	1	-----	-----	-----	-----
Petitions withdrawn -----	-----	3	-----	-----	-----	-----
Remanded to Federal Trade Commission -----	1	-----	-----	-----	-----	-----
Certiorari denied -----	-----	-----	1	1	2	-----
Total disposition -----	7	5	2	1	3	5
Pending end of year -----	8	10	1	2	0	0

¹ In 2 cases, decisions adverse to the Commission were handed down by a district court and approved by a court of appeals, but they were reversed by the Supreme Court.

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PART III. COOPERATIVE AND VOLUNTARY PROCEDURES

In its continuing program of encouraging voluntary compliance with the laws under its jurisdiction, the Commission has consolidated its cooperative procedures in the Bureau of Industry Cooperation. The Bureau consists of the Division of Trade Practice Conferences and the Division of Stipulations.

Through this Bureau, the Commission conducts legal activities of a voluntary or cooperative nature, in contrast to its formal trial procedures. By means of industry conferences and individual stipulation agreements, the Commission seeks to cooperate with business and industry to inform and guide them with respect to the scope and meaning of the laws it administers.

It is the policy of the Commission to utilize the trade practice conference and stipulation procedures to encourage widespread observance of the law by enlisting the cooperation of members of industries and informing them more fully of the requirements of the law, so that wherever consistently possible the Commission may avoid the need for adversary proceedings against persons who through misunderstanding or carelessness, may violate the law unintentionally.¹

In establishing the Bureau, the Commission said it "is encouraged by the increased interest on the part of industry to cooperate in wiping out unfair and deceptive trade practices and in developing programs which will be in the interest of, and will be approved by consumers. * * * The Commission hopes to further this work so that it will continue to have the enthusiastic support of the Congress and the President, as well as of consumers and small business."

TRADE PRACTICE CONFERENCES

The trade practice conference procedure is designed to bring about any observance on an industry-wide basis through the cooperative establishment of rules designed to prevent unfair trade practices. The conference plan provides an opportunity for industry members and other interested parties, including consumers, to cooperate with the Commission in effectuating the elimination of unfair methods of competition and other practices harmful to the industry or to the consuming public. Of primary concern in the establishment of industry

¹ See page 127 for the complete text of the commission's policy on settlement of cases by trade-practice conference and stipulation agreements.

rules is the protection of the public from such unfair practices as false and misleading advertising and other forms of deception.

Conference proceedings looking to the promulgation of rules for an industry are usually initiated on application of the particular industry involved, although they may be instituted on the Commission's own motion. The objective is to utilize the best thought and voluntary cooperation of all concerned in establishing rules reflecting the requirements of law and a high standard of ethics. The conference procedure is authorized when it is considered to be in the public interest and a constructive force for good in the industry.

Rules established under the conference procedure define and proscribe unfair-trade practices. They express the requirements of the statutes, as well as decisions of the Commission and the courts, in language addressed specifically to the problems and practices of particular industries. The cooperation of industry members in the formulation and administration of rules results in widespread compliance with the law and thus results in substantial economies in the cost of law enforcement to both government and industry.

In the administration of trade practice rules, emphasis is placed on the maintenance of active cooperation between the industry and the Commission in promoting voluntary industry-wide observance of the rules and in keeping the Commission abreast of industry conditions and problems which may require rule amendment or other action. Industry members are afforded guidance designed to assure business conduct in conformity with the laws administered by the Commission.

Trade practice conference procedure.—The Commission's rules of practice (see p. 121) cover procedural requirements for establishing trade practice rules. Conference proceedings may be instituted by the Commission upon its own motion or upon application by an industry. Any interested party or group in an industry, large or small, may apply to the Commission for the institution of such proceedings. Once a conference is authorized, industry representatives are invited to meet and discuss proposed rules.

Members of the Commission's staff are available at all stages of the proceedings to assist industry representatives in working out constructive solutions of problems, encountered in conforming trade practices to the law. Before rules are promulgated, public hearings are held to allow all concerned, including the general public, to present their views, suggestions, or objections.

Group I and Group II :Rules Explained

Trade-practice rules may include not only provisions for elimination of practices which are illegal per se or conducive to unfair com-

petitive conditions within the industry, but also provisions for fostering and promoting fair competition in the public interest. The Commission classifies promulgated rules as group I and group II rules, respectively.

Group I rules.—Rules in this category embrace trade practices considered illegal under laws administered by the Commission, as construed in decisions of the Commission and the courts. The Commission is empowered to take appropriate action in the public interest to prevent the use of these unlawful practices in commerce by any person, partnership, corporation, or organization subject to its jurisdiction.

Group II rules.—Rules in this category are wholly voluntary as distinguished from the mandatory requirements expressed in group I rules. They cover industry practices to be encouraged in the interest of fair competition or to be condemned as conducive to unfair competitive conditions although not per se illegal. The Commission will promulgate only such group II rules as are in conformity with the law and the public interest.

Conference and Rule-Making Activities During Year

During the fiscal year rules were promulgated for nine industries, and existing rules for a tenth industry were revised. Conferences and public hearings were held for four other industries: Slide fastener, auto financing, parking, meter, and cocoa and chocolate. In addition, conferences were held for the grocery, commercial cold storage, and cedar chest industries, each involving revision of existing rules, while public hearings were held on proposed rules for the floor wax products and bedding industries and on proposed revision of rules for the hearing-aid industry.

A brief description of the industries for which rules were promulgated and of the problems covered by the rules follows:

Venetian blind industry.—Members of this industry are engaged in the manufacture, assembly, sale, or distribution of venetian blinds or parts or accessories for them. Aggregate annual retail sales of venetian blinds approximate \$200,000,000. A definition of what may properly be termed a venetian blind was included in the promulgated draft. The rules prohibit misuse of the term "venetian blind" and of such significant terms as "custom built," "made to order," and "removable slats" in describing such blinds. Various deceptive pricing schemes and unfair methods are also proscribed. A total of 26 group I and group II rules are included.

Peat industry.—The business of this industry is the marketing of peat products represented as suitable for any agricultural or horti-

cultural soil conditioning or soil improvement purpose, for use as poultry or stable litter, or for similar uses. The rules ban various unfair methods and deceptive practices and afford industry members guidance as to the proper use of terms such as "peat moss" and "moss peat."

Fountain pen and mechanical pencil industry.—Members of this industry are engaged in manufacturing and marketing fountain pens, ball point pens, dip pens, mechanical pencils, and parts for such products. Annual sales at retail aggregate \$250,000,000. The rules are directed to the elimination and prevention of various types of unfair trade practices. They offer a yardstick to industry members in curbing misleading advertising and cover specifically the false use of the terms "Iridium tipped" and "Osmiridium tipped." They also deal with deceptive practices with respect to gold content. The provisions are designed to provide the industry with a comprehensive understanding of the requirements of the law.

Wholesale optical industry.—Industry members sell at wholesale corrective eye glasses or lenses with or without processing and eyeglass frames, mountings, parts, or accessories. The total annual volume of business of the industry is approximately \$147,000,000. After conference proceedings conducted upon application from the industry, rules were issued which clarify interpretations of section 2 of the Clayton Act, as amended, and which also cover certain unfair methods and practices such as misrepresentation, misuse of the terms "closeouts" and "discontinued lines," transactions below cost, commercial bribery, and inducing breach of contract.

Mail-order insurance industry.—Rules promulgated for this business are designed primarily to eliminate and prevent deceptive sales-promotional practices and advertising which are in commerce. Among the subjects covered are misuse of such terms as "full coverage" and "hospitalization"; deceptive concealment of exceptions contained in the policy; misuse of the word "all" as applied to benefits; confusing use of duplicate names for the same disease; time limitations not fully disclosed; deceptive testimonials; and misrepresentations that policies are especially advantageous to a special group.

Shoe finders industry.—This industry includes those engaged in the sale and distribution at wholesale of leather and rubber shoe repair materials and other products used in the repair, servicing, and preservation of shoes and similar footwear. Sales of industry products in 1948 at wholesale amounted to approximately \$100,000,000. Rules for this industry are designed to correct such unfair practices as illegal price discrimination, misrepresentation of quality grading, defama-

tion of competitors, commercial bribery, and coercing purchase of one product as a prerequisite to the purchase of other products.

Candy manufacturing industry.—Products of this industry include all kinds and varieties of candy except solid or molded chocolate products, for which a separate set of rules is being considered. Total sales in 1948 of such candy products at wholesale exceeded \$900,000,000. Specific abuses sought to be corrected by the rules for this industry include misuse of the word "free," tie-in sales, false advertising, price discrimination, and the use of lottery schemes.

Fine and wrapping paper distributing industry.—Members of this industry are engaged in wholesaling, selling, or distributing fine and wrapping paper products, including writing paper, envelopes, and paper boards. The group I rules are prohibitions against various forms of deception and unfair methods. In addition, there are eight group II rules which will afford a means of fostering sound business methods and the promotion of fair competition. These proceedings were held upon industry application.

Tie fabrics industry.—The rules for this industry cover fabric converters who produce fabrics used in the manufacture of men's neckwear. The rules proscribe various forms of misrepresentations to fiber content, color fastness, foreign origin of fabric or design, and other unfair practices. The conference proceedings were instituted upon application of industry members.

Umbrella industry.—The business of this industry is the manufacture, assembly, sale, and distribution of various kinds and types of umbrellas and parasols. Pursuant to application made by industry members, the rules as promulgated on March 9, 1940, were revised. Additional rules relating to misuse of the word "free," selling below cost, combination or coercion to fix prices, suppress competition, or restrain trade, fictitious or deceptive pricing, and guarantees and warranties have been included, together with numerous other charges clarifying applicable requirements of laws administered by the Commission.

Pending Conference Proceedings

In addition to proceedings which resulted in promulgation of rules, other industry proceedings were advanced and were at various stages of completion at the close of the fiscal period. Some of these pending proceedings are summarized below:

Slide fastener industry.—Products of this industry are commonly referred to as "zippers." Conference proceedings were instituted upon application from industry members. Both the industry conference and the public hearing have been held, and the rules are pending with the Commission for final action. These proposed rules cover,

among other things, marking as to foreign origin of imported fasteners, deception as to length of slide fasteners, illegal discrimination in price, services, or facilities, unlawful brokerage, defamation of competitors and false disparagement of their products, and simulation of trademarks and trade names.

Bedding industry.—Hearing on proposed rules for this industry has been held, and the matter was under consideration by the Commission as the year ended. Members of the industry manufacture and sell mattresses, bedsprings, beds, and other bedding products, among the practices covered by the proposed rules are deception as to used materials and parts, misuse of the terms "felt," "Latex," "foam rubber," "Rx," "orthopedic," "custom built," "posturized," "germproof," and "waterproof."

Floor case products industry.—These proceedings were instituted on the Commission's own motion. At the public hearing, consideration was given to proposed rules which covered, among other things, improper use of the terms "slip-proof," "slip-resistant," "slip-retardent," "water-proof," "impervious to water," "water-resistant," "water-repellent," "spotproof," "will not spot," "heavy-duty," and "traffic wax." Since the hearing, the Commission's staff has conferred with industry members with a view to revising the proposed rules in the light of developing industry standards. Consideration is also being given to requests made by some members of the industry for broadening the scope of the rules as to industry coverage.

Grocery industry.—The application for these proceedings was made by a trade association with a membership of over 60,000 independent retail grocers. The benefits to be gained through this undertaking will not, however, be confined to this group alone since the proceedings will cover all segments of the industry from manufacturing to retail outlets engaged in commerce. An industry conference was held in Washington for the purpose of revising rules promulgated in 1932. Among the rules being considered are those relating to improper discriminations in price and advertising or promotional allowances and in the furnishing of services or facilities, prohibited brokerage payments, the use of "loss leaders," selling below cost, substitution of products, premium deals, and the use of lottery schemes.

Motor vehicle financing.—These conference proceedings were initiated by the Commission on its own motion with a view to providing corrective action against deception in the sale of motor vehicles on time-payment contracts. To prevent such deception, the proposed rules provide for the itemization of the amounts charged to the purchaser. The proposed rules further deal with the delivery to the purchaser of a copy of the installment sales contract; the prohibi-

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tion, with certain designated exceptions, of blank spaces in the contract which are to be filled in after execution; misrepresentation as to such items as insurance rates and coverage and finance charges; and the deceptive use of rate charts in "packing" finance charges. Consideration was also given in the proceeding to a rule covering the practice by a vendor of conditioning the installment sale or financing of a motor vehicle on the purchase of an insurance policy from specified insurance company.

Cedar chest industry.—A trade-practice conference for this industry was held in Chicago in June 1950 to afford industry members opportunity to consider a revision of trade-practice rules promulgated for this industry in November 1931. The next step will be publication of proposed revised rules for submission at a public hearing for consideration and comment of interested parties.

Commercial cold storage industry.—Application was made by this industry to revise trade practice rules promulgated in 1931. Industry members presented suggested revised rules at a conference in Chicago. Some of the subjects under consideration are the issuance of deceptive warehouse receipts, delivering goods when negotiable warehouse receipts are outstanding and uncanceled, price discrimination, inducing breach of contract, and selling below cost.

Parking meter industry.—These proceedings were instituted upon application of the industry, with the final hearing on proposed rules held June 30, 1950. The proposed rules relate to such practices as defamation of competitors or false disparagement of their products, deceptive use of trade names and trade-marks, commercial bribery, selling below cost, and unlawful combinations in restraint of trade. This industry has sales totaling over \$12,000,000 annually. The products of the industry are installed in more than 1,100 cities and towns throughout the Nation.

Hearing-aid industry.—The purpose of this proceeding is to revise rules promulgated in December 1944. A hearing was held June 27, 1950, to consider additional rules covering such matters as arrangements to exclude sales of competitors' products; deception as to used or rebuilt products; and combination or coercion to fix prices, suppress competition, or restrain trade.

Water-repellent fabrics and outerwear industry.—Initiated by the Commission on its own motion, these proceedings are designed to eliminate misleading advertising and other misrepresentations concerning the efficacy of water-repellent fabrics and rainwear. Since the industry conference, numerous meetings have been held with the Bureau of Standards and industry representatives in an effort to establish appropriate standards as a basis for development of adequate

rules. The protection of consumer purchasers from the harmful effects of deceptive claims as to the degree and permanency of water and moisture protection afforded by industry products is a principal objective of the proceedings.

Administration of Rules

The objective of rule administration work is to secure expeditiously, through cooperative efforts, the highest possible degree of voluntary compliance with the rules. Through correspondence, office conferences, and field work, informal administrative action is taken to insure that the rules for particular industries are understood and observed.

These procedures enable the Commission to discover instances of such violations and to promptly enlist the cooperation of industry members in eliminating the practices in question; to establish a working liaison with industry leaders, officials, and industry members and informally assist them in avoiding practices contrary to the rules and the laws administered by the Commission; to discuss at first hand the adequacy of the rules in fulfilling industry needs; to learn promptly of new or changed competitive conditions necessitating revision or amendment of rules or other action; and to assure all industry members of the Commission's constant interest in their particular industry rules and its readiness to assist in solving problems arising under them.

In the course of this work during the fiscal year, 57 different industries under rules were visited in the field involving conferences with over 520 industry members, association executives, and other industry representatives. In addition, the Commission wrote to approximately 4,200 members of various industries to keep them alert to the provisions of their industry rules and to offer them opportunity for review of the practices in their industries.

By such continual contact the Commission has maintained a high degree of interest in rule observance. These informal administrative procedures have enabled the Commission during the year to dispose of some 4,900 alleged rule violations in their early stages. Without such means for prompt and satisfactory handling of these violations, protection of the public interest might have required more lengthy and more expensive formal procedures.

In addition to general rule administration, a number of industries received special attention, of which the following are typical:

Baby chick industry.—Correction of rule violations in this industry through correspondence and informal conferences was continued. Considerable time and effort were devoted to the elimination of false and misleading representations from the radio advertising of numerous

surplus chick dealers. The year witnessed a great increase in the number of "bogus independent outlets," a development which was effectively checked through field work and written communications. Cooperative liaison work with officials of the National Poultry Improvement Plan of the United States Department of Agriculture, with participating State agencies, and with the industry trade association materially aided in the effort to achieve rule observance on a Nation-wide basis.

Mail-order insurance.—A considerable volume of advertising material of organizations engaged in the interstate promotion and sale of insurance by mail was subjected to careful examination after promulgation of the industry rules February 3, 1950. Substantial progress is being made toward the discontinuance of affirmative misrepresentations in advertising respecting coverage and benefits, as well as misrepresentation through failure to disclose material facts relative to reductions, limitations, and exceptions contained in policies. Through cooperation extended by many industry members much progress has also been made in eliminating use of statements in advertising which in and of themselves are not actually false but which by implication may be confusing and misleading to prospective purchasers of insurance.

Masonry waterproofing industry.—Progress was made during the year in bringing about more widespread compliance with the rules for this industry. Special attention was given to the elimination of false and exaggerated claims in the advertising and labeling of industry products. Labels, brochures, circulars, and other advertising matter were carefully studied to determine their propriety under the rules. Correspondence, office conferences, and field interviews with industry members have resulted in voluntary rule observance to an increasing degree.

Paint and varnish brush industry.—Special effort was made in the course of the year to bring an end to deception of the consuming public resulting from the marking of industry brushes as "Pure bristle" or "100% pure bristle" when in fact many of them actually contain considerable amounts of horsehair. It is well known that horsehair is inferior to natural bristle for use in paint and varnish brushes. Members of the industry were contacted by letters, personal interviews, and conferences with a view to obtaining industrywide observance of the rules, which, among other things, define "bristle" as the hair of swine.

Rayon industry.—Work in this field during the year resulted in elimination of many unfair and deceptive advertising practices, such as giving undue prominence to the word "nylon" in describing

products composed predominantly of rayon and in minor part of nylon. Through cooperative efforts the advertising and labeling of such products have been substantially improved. Advertising was extensively surveyed, office conferences held, and considerable correspondence conducted throughout the year.

Sun glass industry.—Firms engaged in the interstate distribution of sun glasses were contacted during the year to obtain industry-wide observance of the rules for this industry. Particular attention was given to certain advertising representations deemed to be misleading and contrary to the public interest, including false claims that lenses had been optically ground and polished; misrepresentations of Government approval; and deception as to gold content of sun glass frames.

Wholesale jewelry.—A drive was directed toward the elimination of false and deceptive advertising, with emphasis upon representations that imitation or simulated pearls and stones are precious and misrepresentations as to gold or other metal content. Contacts were made with national advertising agencies, importers, manufacturers, and distributors of industry products to stop objectionable advertising representations prepared by them and distributed to retail outlets for insertion in local newspapers. Constant attention, with repeated and extensive surveys of advertising and close liaison with officials of the Jewelers' Vigilance Committee, resulted in more extensive observance of the rules.

Watch rules (respecting use of such designations as "Waterproof," "shockproof," and "nonmagnetic").—These rules apply to advertising by television, radio, and periodicals as well as to tags, labels, and markings of both domestic and imported watches and watch cases. By close contact with importers and manufacturers, violations were reduced to a minimum.

TYPES OF PRACTICES COVERED IN TRADE PRACTICE RULES

During the fiscal year promulgated rules for 166 industries, comprising about 2,100 separate provisions, were under administration. These rules embrace a wide variety of subjects, of which the following are illustrative:

Misrepresentation in various forms, including false or misleading advertising; misbranding; defamation of competitors or false disparagement of their products; commercial bribery; inducing breach of competitor's contracts; false invoicing; imitation of competitor's trade-mark or trade name; substituting inferior products for those ordered; lottery schemes; abuse of consignment distribution to close competitor's trade outlets; giving "push money" or gratuities under

circumstances involving commercial bribery, deception, or restraint of trade; full-line forcing as a monopolistic weapon; combination or conspiracy to fix prices, suppress competition, or restrain trade; and discrimination in price, services, or facilities.

Other subjects covered are slack-filled, short-weighed, or deceptive containers; deceptive photographs or engravings; false or misleading guarantees, warranties, testimonials, or terms of sale; misrepresentation as to possible earnings or opportunities afforded on completion of correspondence school courses, or as to Government connection with, or indorsement of, any school or training or services offered; falsely representing offers as "special" or "limited"; misrepresenting regular lines of merchandise as "closeout"; misrepresenting products as conforming to recognized industry standards; use of fictitious animal designations in describing fur products; representing retail prices as wholesale; representing domestic products as imported or vice versa; deceptive titles or names in selling books; false representations respecting tube capacity, range, and receptivity of radio receiving sets; and misrepresentation as to quantity, measure, or size of various products.

Rules also cover deceptive use of such terms as: "perfect," "real," "genuine," or "natural" in describing precious stones or their imitations; "pullorum tested," "blood tested," "hybrid," "inbred," or "inbred line," and "in-crossbred" as applied to baby chicks, "all fabric." "fast," or "fadeproof" as descriptive of household fabric dyes; "extra fancy," "extra select," "deluxe," or "choice" to describe canned tuna; "waterproof," "watertight," "water-resistant," "water-repellent," and related terms as descriptive of watches, watchcases, watch movements, baggage, or masonry waterproofing products; "shockproof," "unconditionally shock resistant," or "nonmagnetic" as applied to watches; "new," "demonstrator," "factory rebuilt," or "reconditioned" as descriptive of typewriters; "rolled gold plate," "gold plated," "gold filled," "gold electroplated," "gold," "karat," "sterling," "silver," or "solid silver" as applied to watchcases, "all," "complete," or "full" as applied to coverage of mail order insurance policies; "moss peat," "peat moss," or "peat moss--sedge and reed" as applied to certain peat industry products; "first," "choice," or "prime" as descriptive of shoe leather; "custom built," or "made to order" as applied to venetian blinds; "iridium tipped," "osmiridium tipped," "duragold," "dirigold," "noblegold," "goldine," "gold-appearing," "gold effect," or "miragold" as applied to mechanical pens and pencils.

Subjects embraced in other rules include: Exclusive or preemptive deals to eliminate or suppress competition; improper use of demonstrators; coercing adherence to published rental rates of trade-in

values; disclosure as to remaining shrinkage in so-called preshrunk merchandise; disclosure that apparently new products are secondhand, used, rebuilt, or renovated; disclosure that products are artificial or imitations; specification of minimum requirements for standard or genuine products; disclosure as to imperfect or defective merchandise, as to presence of metallic weighting in silk products, as to true functions of radio parts and accessories, as to latent defects in artificial limbs or other prosthetic appliances, as to use and application of masonry waterproofing products, and as to true metal composition of watchcases.

INFORMATIVE LABELING

Informative labeling enters extensively into the work of the Commission under trade practice conference rules. Fiber identification, or what is generally referred to as "truth in fabrics," forms a large part of informative labeling work. While consumer goods containing or purporting to contain wool are subject to requirements of the Wool Products Labeling Act, similar fiber identification of other textiles under certain circumstances, and informative labeling of various lines of merchandise outside of the field of textiles, are covered by trade-practice rules.

The object of informative labeling is twofold; (1) To aid intelligent purchasing and to prevent deception by informing consumers what they are to receive for their money, thus placing them in a better position to judge quality and to buy according to their needs or preferences; and (2) to protect business from the unfair commercial practices attendant upon the sale of competing articles under conditions of misleading representations or deceptive concealment of the facts.

The value of such labeling is widely recognized as a necessary and effective preventive of confusion or deception of the public and of unfair competitive conditions.

Specific informative labeling provisions are contained in the rules for the rayon, silk, and linen industries. Informative labeling for all types of hosiery is the subject of trade-practice rules for the hosiery industry. Similar provisions applicable to shrinkage of woven cotton merchandise have been promulgated. Provisions of a like nature are found in the trade practice rules for the infants' and childrens' knitted outerwear industry; uniform industry; tie fabrics industry, ribbon industry; handkerchief industry; and rayon nylon, and silk converting industry. Rules relating to fur garments and other fur products also contain informative labeling provisions.

Provisions on the subject of informative labeling are also included in the trade-practice rules for the following industries: Artificial

limb, masonry waterproofing, household fabric dye, watch case, woodcased lead pencil, razor and razor blade, luggage and related products, curled hair, mirror manufacturing, sun glass, putty manufacturing, wholesale jewelry, paint and varnish brush manufacturing, toilet brush manufacturing, rubber tire, office machine marketing, and hand knitting yarn.

SETTLEMENT OF CASES BY STIPULATION

Certain types of cases² involving unfair methods of competition or unfair or deceptive acts or practices may be settled by the Commission without resort to the formal complaint and trial method. Settlement of these cases is effected in the public interest on the basis of a stipulation of facts and an agreement to cease and desist from practices considered violative of the law.

Cases considered appropriate for such treatment are referred by the Commission to its Bureau of Industry Cooperation—Division of Stipulations. The Division of Stipulations takes no part in the investigation or prosecution of any matter. Its procedure is to notify the person concerned that certain of his business practices have been challenged as illegal. The notice includes a statement of the specific practices which preliminary investigation indicates should be discontinued. The businessman may reply by letter or confer, either in person or through an authorized representative, with the chief or assistant chief of the Division of Stipulations or with an attorney-conferee. Other participants, besides the businessman and his representatives, may include one or more representatives of the Bureau of Antideceptive Practices. Opportunity is always afforded for an informal hearing, 103 having been held during the fiscal year.

Through frank, informal, and through discussion of the facts and issues involved, amicable settlements are usually reached whereby unfair and deceptive acts and practices are eliminated in the public interest on a cooperative basis. As to charges considered to have been substantially proved, a stipulation of facts and an agreement to cease and desist is drafted, signed, and presented to the Commission for its consideration in disposing of the case. Or this informal hearing may result in a recommendation for closing the case, either in whole or in part, or for other action in accordance with the law and the public interest.

Should it appear in the course of negotiations for a stipulation that the practices charged are generally in use in the industry involved, the matter is either transferred through the Director of the Bureau of

² The policy of the Commission with respect to disposition of cases by stipulation is set forth in its statement of policy on page 127.

Industry Cooperation to the Division of Trade Practice Conferences for further consideration, report, and recommendation, or recommendation is made to the Commission for institution of investigations on an industry-wide basis. The objective is to provide uniform and concurrent voluntary corrective action applicable to all members of a given industry so that all may be placed on an equal competitive basis.

Another important function of the Division of Stipulations is to obtain reports showing in detail the manner and form of compliance with stipulations.

During the fiscal year the Commission disposed of 266 cases upon the recommendation of the Division as follows:

Accepted executed stipulations including 5 amendment stipulations -----	164
Closed without prejudice -----	43
Directed issuance of complaints -----	23
Referred for further investigation -----	20
Placed on suspense -----	11
Denied petition for modification of stipulation -----	1
Rescinded stipulations -----	4

Total -----	266

A recapitulation of the Division's work during the fiscal year follows:

Cases pending June 30, 1949 -----	¹ 136
Cases referred to the Division during fiscal year -----	274

Total for disposition -----	410
Cases disposed of by the Commission during fiscal year -----	266

Balance -----	144
Cases pending with the Commission -----	7

Cases pending in Division July 1, 1950 -----	137

¹ Includes five supplemental cases not reflected in 1949 report.

PART IV. FOREIGN TRADE WORK

EXPORT TRADE ACT

The Export Trade Act (Webb-Pomerene law) is a cooperative law passed in 1918 for the purpose of promoting the export trade of this country. It grants conditional exemptions from the antitrust laws to export groups or "associations." Among other things, these organizations must file with the Commission copies of their organization papers, annual reports, and other information concerning their operation.

The act is administered by the Commission through the Division of Export Trade in the Bureau of Antimonopoly. The Division assists in organizing the groups and supervises their operation through periodic calls at the association offices and through examination of the required reports. In case of law violation the Commission may conduct inquiries and issue recommendations for the readjustment of the business of the association.

The law provides that an export association may not restrain the trade of domestic competitors, artificially or intentionally enhance or depress prices within the United States, substantially lessen competition, or otherwise restrain trade in this country.

OPERATIONS IN 1949

Exports of metal products increased in 1949, while exports of lumber and foodstuffs showed a decrease. In some countries sales were affected by devaluation of currencies; in others, by import restrictions and a dollar shortage. Some business has been obtained as a result of expenditures by the Economic Cooperation Administration, and some has been facilitated by Export-Import Bank loans. English and European competition has been keen, and rehabilitation of foreign industries, especially in the heavy industries and in foodstuffs, has lessened the demand for American goods.

The export associations have a distinct advantage over individual exporters because they are able to meet changing conditions in foreign markets and to continue operation at lower cost when exportation is difficult.

The following figures cover exports by the associations during 1949, in comparison with statistics for 1948:

	1948	1949
Metals and metal products -----	\$38,580,731	\$45,243,575
Products of mines and wells -----	43,247,920	43,279,155
Lumber and wood products -----	11,799,541	9,702,272
Foodstuffs -----	142,165,390	106,660,000
Miscellaneous -----	464,389,920	418,176,331
Total -----	700,183,502	623,061,333

INQUIRIES AND RECOMMENDATIONS

Two inquiries into the operations of export associations were in progress during the year. Reopened inquiry involving operation of Pacific Forest Industries (Docket 202-1) is still pending in the case of Carbon Black Export, Inc. (Docket 202-5), recommendations issued July 12, 1949, by the Commission for the readjustment of its Business were in substance as follows:

1. That the association refrain from adhering to, maintaining, or entering into any understanding, agreement, or arrangement whereby American producers of carbon black who are not members of the association agree to sell only at fixed prices and terms or in apportioned quantities.
2. That the association stop discussing or seeking agreement upon any plan or arrangement whereby the production of any American producer or potential producer of carbon black is affected, deterred, forestalled, limited, or prevented, or where the purpose or intent is to accomplish any such result.
3. That the association refrain from maintaining joint offices with any domestic trade association or statistical and advisory group; and that its office personnel have affiliation by way of employment, membership, or honorarium with any domestic trade association or statistical and advisory group.

The association reported compliance with the Commission's recommendations in August 1949 and has continued to operate under the act.

ASSOCIATIONS OPERATING UNDER THE ACT

At the close of the fiscal year, 43 export associations were registered with the Commission, representing nearly 500 mills, mines, and factories throughout the United States and shipping to all parts of the world.

These included one new group, Amertool Services, Inc., which filed papers in September 1949, comprising 11 manufacturers of machine tools and machinery for export, to promote sales and engineering in foreign countries for the products of the members, and to provide for extension of credit to purchasers of machine tools and related equipment, particularly in Latin America.

The Association list as of June 30, 1950, is as follows:

- American Hardwood Exporters, Inc., 706 International Building, New Orleans
- AMTEA Corp. (American Machine Tool Export Association), 30 Church Street, New York.
- American Spring Export Association, Inc., 30 Church Street, New York.
- American Tire Manufacturers Export Association, 30 Church Street, New York.
- Amertool Services, Inc., 4701 Marburg Avenue, Cincinnati, Ohio.
- California Dried Fruit Export Association, 1 Drumm Street, San Francisco.
- California Prune Export Association, 1 Drumm Street, San Francisco.
- Carbon Black Export, Inc., 420 Lexington Avenue, New York.
- Cerium Export Association, 51 East Forty-second Street, New York.
- Citrus Corp. Of America, Box 231, Lake Wales, Fla.
- Door Export Co., Washington Building, Tacoma, Wash.
- Douglas Fir Export Co., 530 Henry Building, Seattle.
- Durex Abrasives Corp., 249 North Avenue, New Rochelle, N. Y.
- Easco Lumber Association, 216 Pine Street, San Francisco.
- Electrical Export Corp., 122 East Fifty-first Street, New York.
- Electrical Manufacturers Export Association, 70 Pine Street, New York.
- Export Screw Association of the United States, 21 Stevens Street, Providence, R. I.
- Flints Export Agency, 50 Broad Street, New York.
- Flour Millers Export Association, 859 National Press Building, Washington, D.C.
- General Milk Sales, Inc., 19 Rector Street, New York.
- Goodyear Tire & Rubber Export Co., 1144 East Market Street, Akron, Ohio.
- Metal Lath Export Association, 205 East Forty-second Street, New York.
- Motion Picture Export Association, Inc., 28 West Forty-fourth Street, New York.
- Pacific Forest Industries, 1219 Washington Building, Tacoma, Wash.
- Pacific Fresh Fruit Export Association, 333 Pine Street, San Francisco.
- Pencil Industry Export Association, 167 Wayne Street, Jersey City, N. J.
- Potash Export Association, Inc., 122 East Forty-second Street, New York.
- Railway Car Export Corp. Of America, 1025 Connecticut Avenue, Washington, D.C.
- Redwood Export Co., 405 Montgomery Street, San Francisco.
- Rubber Export Association, The, 1185 East Market Street, Akron, Ohio.
- Steam Locomotive Export Association, Inc., 30 Church Street, New York.
- Texas Rice Export Association, 407 Jensen Drive, Houston, Tex.
- Textile Export Association of the United States, 271 Church Street, New York.
- Typewriter Manufacturers Export Association, 3733 Albemarle Street NW., Washington, D.C.
- U. S. Alkali Export Association, 11 Broadway, New York.
- United States Scientific Export Association, Inc., 50 Broadway, New York.
- Walnut Export Sales Co., Inc., 518 North Delaware Street, Indianapolis.
- Washington Evaporated Apple Export Association, 709 First Avenue N., Yakima, Wash.
- Wescosa Lumber Association, 2 Pine Street, San Francisco.
- Wine and Brandy Export Association of California, 717 Market Street, San Francisco.
- Wood Naval Stores Export Association, Gulfport, Miss.

TRUST LAWS AND TRADE REGULATION ABROAD

Under section 6 (h) of the Federal Trade Commission Act the Commission compiles information as to trust laws, unfair competition, and regulation of trade and industry in foreign countries. Some of the more important measures are noted;

Argentina.—Price ceilings were removed on some products in July 1949, and payment of subsidies to producers of essential foodstuffs was discontinued about the same time. To halt price increases on these products and to forestall the possible inflationary effect of devaluation, a Government decree was issued early in October 1949 forbidding, at any stage of manufacture, distribution, or marketing, any increase in the price of essential goods over the price level prevailing during the second half of September. All Argentine imports must be covered by a prior exchange permit from the Central Bank, with permits limited to essential products. Some products are subject to import quotas.

Australia.—To meet a strike situation in New South Wales, an emergency bill was passed June 30, 1949, making it unlawful for any registered trade union organization, its officers, or its members to pay or receive money in aid of the general coal strike. A unanimous High Court decision in 1949 ended the power of the Government to ration gasoline, on the ground that it was not incidental to the defense of the country. Rationing of butter was ended in June 1950, but price controls and subsidies remained in effect. Import licenses are still required in order to restrict the imports of nonessentials and to improve the balance of trade position with dollar and other hard-currency countries. Export control regulations protect domestic supplies of essential commodities.

Austria.—The Austrian Price Control Law of 1949 as amended November 25, 1949, and April 6, 1950, empowered the Government to subject additional goods and services to price control if economic conditions necessitate such action or if artificial restraints on free competition operate to keep prices up in an unjustified manner. Charges for professional services may be fixed by the Government if such charges are being kept at a high level not justified by public economy. The Government may requisition excess profits resulting from the fact that actual costs of production are lower than the costs which form the basis of official price regulation. In December 1949 the Parliament approved a bill extending the validity of the food rationing law for six months.

Bolivia.—A decree on July 21, 1949, froze wages until September 21. The Board of Industrial Development, established in 1948, was abolished by supreme decree May 14 1949, and its functions were

transferred to the Directorate General of Industry of the Ministry of Economy. In February 1950, the Government issued to supreme decrees tightening control of exchange.

Brazil.—Under a law approved December 16, 1949, the National Economic Council was created to study the economic life of the country and to suggest measures to the President and to the National Congress. The Federal Foreign Trade Council, established by decree in 1934, was abolished. Exchange permits are necessary, and import licenses are required on all but a few products.

Burma.—On June 21, 1949, the Constituent Assembly adopted the Union Mineral Resources Act which amended the Constitution to permit foreign enterprises to develop mineral resources. Regulations were passed to govern the conduct of mineral concessions. In September 1949 the Prime Minister issued a policy statement on the Government's industrialization program emphasizing the need for foreign capital. In order to control inflationary price levels, the Civil Supplies Department purchases scarce commodities and distributes them, controlling the resale price. The Government has encouraged the importation of yarns to expand the textile industry, but textile imports are restricted, and a large part of the foreign exchange is reserved for necessary food supplies. The Import and Export Trade Control Act of 1947, as amended, is still in effect. An order issued in October 1949 prohibited the sale or transfer of an import or export licence to any other person.

Canada The Combines Investigation Act and related Criminal Code provisions were amended November 25, 1949. The amendments relate to court proceedings concerning monopolistic trade restrictions and unlawful combinations in restraint of trade. One section provides that the Attorney General of Canada may institute and conduct prosecutions or other proceedings and exercise all powers and functions conferred by the Criminal Code on the Attorney General of a province. Other sections provide for trial by a judge without a jury and define the persons whose acts or documents may be introduced in evidence under the rebuttable presumptions established by the statute.

A report of the Combines Investigation Commission on the flour-milling industry, dated December 1948, was published in 1949. The Government announced that no action would be taken against the flour millers, or against the optical goods industry upon which the Commission reported in April 1948.

As a result of an investigation and report by the Combines Investigation Commission in 1948, action was brought in the Alberta Supreme Court in January 1950 against six western bakeries and a trade association. In May the Crown prosecutor announced that the

charge against the trade association would be dropped, but that against the bakeries remained pending.

In June 1950 the Minister of Justice appointed a committee of four to study the purposes and methods of the Combines Investigation Act and related Canadian statutes and to recommend what amendments, if any, should be passed to make the legislation more effective in safeguarding the free economy of Canada.

A report issued December 13, 1949, by the Combines Investigation Commission charged that competition in the flat-glass trade had been "lessened to a degree which is detrimental to the public interest." The report is concerned primarily with restrictive arrangements developed and applied for a considerable period before the war by an association of glass jobbers in Ontario and Quebec. The organization was maintained during the price-control period, according to the report, and as soon as price ceilings were lifted, active steps were taken to reinstitute the practices. The record embraced activities over many years, and the Commission reported that "enough background information has been included to show the origin and development of the various trade arrangements, their relationship to practices in the later years, the restrictions on supply which have resulted from international cartels, and the changes which took place during the war period." Trial of the flat-glass combine was scheduled for September 1950. The Supreme Court of Ontario overruled motions of the Ontario and Quebec companies challenging the right of the court to try them without a jury.

Another report issued by the Combines Investigation Commission December 27, 1949, concluded that the Eddy Match Co., Ltd., "as a merger, trust, or monopoly, is a combine within the meaning of the Combines Investigation Act and that the Commonwealth Match Co., Ltd., Canada Match Co., Ltd., Federal Match Co., Ltd., and Valcourt Co., Ltd., have been party or privy to or have knowingly assisted in the formation and operation of the said combine in the manufacture, distribution, and sale of wooden matches in Canada." In February 1950 the Government's decision to prosecute the match combine was announced in the House of Commons by the Justice Minister.

The question of the validity of Federal control over rentals was referred by the Governor-in-Council to the Supreme Court of Canada by an Order in Council November 16, 1949. On March 1, 1950 the court ruled unanimously that the Wartime Leasehold Regulations were not ultra vires either in whole or in part.

In 1949 the Royal Commission on Prices made a three-volume report on causes of the rise in the cost of living. The postwar price rise was described as "a consequence of the war, of rising prices

abroad, of large export demands financed to some degree by the Canadian Government, and of our capital boom accompanied as it was by an American capital boom." Agreeing with the decision to discontinue rather than to augment the wartime controls, the Commission expressed the opinion that "general price control should not be relied upon as an important instrument for stabilizing prices in peacetime" and that "import controls should not be used as a protectionist device." The Commission found a growing tendency toward monopolistic competition through brand names and special advertising, price leadership by a few large firms in an industry, and resale price maintenance whereby a manufacturer sets the retail price for his products. It was recommended that the Combines Investigation Commission give careful study to the problem of resale price maintenance with a view to devising measures to deal with it. Other recommendations were that a statistical study of productivity be made, that more adequate collection and publication of current information on corporate profits be undertaken by an appropriate Government agency, that the Companies Act be revised to bring about more uniform financial reporting, that public accounts be presented more clearly, and that improved grading systems be adopted for beef cattle and for lumber.

China.—It was reported in a Hong Kong Chinese newspaper that the Trade Ministry of the Chinese Communist People's Government will be the overall organization for guiding the various State-operated trade organizations, cooperative trade agencies, and private trade organizations, which are also subject to direction of local authorities. Special trading companies will be formed, national in scope, for certain industries, including food, textiles, salt, coal, construction materials, and farm products. State-operated wholesale and retail trade will be administered by organizations in the areas. Wholesale and retail prices will be determined under direction of the Trade Ministry.

Colombia.—Decrees in February and April 1950 established an economic development program under which loans will be made for a construction or expansion of development projects such as irrigation works, wells, electric plants and distribution systems, mining industries, processing of agricultural and forest products, and construction of low-cost urban housing.

A decree issued November 24, 1949, under the extra-ordinary executive powers exercised by the President during the state of siege, extended the use of exchange certificates, established certain norms for the enforcement of exchange control and price-control regulations, regulated the participation of foreigners in international trade, and made two important changes in exchange control admin-

istration. The decree was designed "to guarantee reasonable prices for consumer goods, to direct expected increases in foreign exchange earnings toward the lowering of the living costs of the working classes, * * * to insure an adequate market for certificates of exchange as a protection for the mining industry, and to stimulate the development of any new export products."

Denmark.—The Goods Supply Act, the basic law on which rests the Government regulation of foreign trade, production, rationing, and currency, which was to expire on May 15, 1950, was extended with some amendment through March 31, 1951. A decree was issued September 22, 1949, prohibiting any price increase on stocks on hand resulting from devaluation of the krone. Exchange permits are required for goods subject to license.

Egypt.—A decree dated December 6, 1949, revised the calculation of profits on imported goods subject to price controls. Delivered costs may now be calculated as price of the product in the country of origin, plus insurance, freight, customs and quay duties, other expenses incurred by the importer, cost of moving goods from port or station to place of sale, and cost of postage, telegrams, and letters of credit. Authorized profits vary with different products. Among the highest are profits on imported woolen textiles, for women's wear, aggregating 35 percent of delivered cost—10 percent to the importer, 5 percent to the wholesaler, and 20 percent to the retailer. Exchange permits and import licenses are necessary, and unlicensed imports are subject to confiscation.

Finland.—In a report filed in June 1949, the General Economic Planning Committee recommended abolition of agricultural subsidies, derationing of and price increases in bread, grains, and other products; tax adjustments, lower interest rates, reduced Governmental expenditures, rent increases, wage decontrol, and curtailment of the land-resettlement program. Recommendations concerning the grain trade and lowering of interest rates were among those adopted by the Government. The committee also recommended against exchange devaluation.

The Economic Powers Act of Finland was continued through 1950, the Cabinet retaining its special powers to control wages, prices, unemployment relief, foreign trade and exchange, and the allocation of certain imported commodities, as well as controls over construction work, electric and steam power, and public use of property and transportation. The rent control law was amended to permit a gradual increase in rent through 1960. The Ministry of Supply, created after the war to regulate agricultural production and rationing and to act as a Government purchasing agent in foreign markets, was

abolished by the Cabinet, with some of its functions taken over by other ministries.

France.—Antitrust or cartel bills were introduced in the National Assembly in January and May 1950. The earlier bill was intended to regulate economic ententes and included a provision for compulsory cartelization under Government direction. The second bill provided for creation of a commission or council to receive complaints as to ententes or agreements and practices which injure the general interest in France by establishing monopoly or by limiting or stifling competition. Exemption would be granted in case of agreements which contribute to production and distribution.

Great Britain.—Some industry controls were relaxed in 1949 and 1950. Rationing of gasoline was abolished May 27, 1950, after more than 10 years; and clothing and food rationing was relaxed. The point-rationing system for certain foods was abolished, and all control over the distribution of milk was removed. Steel licensing was abolished in May 1950, except for sheet and tinplate; few industrial materials remain under license. Manpower controls and direction were ended in March 1950. Wool control instituted in September 1939, was ended October 31, 1949.

The first report of the Committee on Industrial Productivity, which was appointed by the Government in December 1947, was presented in the fall of 1949. The committee was instructed to concentrate on study of essential industries which are undermanned, industries with low production compared with prewar output, those producing items of key importance, and those where high production costs affect export sales. The committee is assisted by panels on technology and operational research, imports substitution, and human factors affecting industrial productivity.

The first report of the Board of Trade on the operation of the Restrictive Practices (Inquiry and Control) Act of 1948, showed six cases referred to the Commission by the Board in 1949, involving electrical filament lamps, insulated electric wires and cables, certain builders' castings, dental equipment, matches, and machinery for the manufacture of matches. No reports have been issued on these inquiries. The Commission has eight members (two full-time and six part-time) appointed in January 1949, and at the end of that year reported a staff of 37 persons.

Nationalization of the steel industry was provided by a law passed in November 1949, effective January 1, 1950.

The Royal Commission on the Press appointed in 1947 to investigate monopolistic tendencies in the presentation of news, reported in 1949. The Commission found "nothing approaching a monopoly in

the press as a whole or in any class of newspaper.” As to news agencies, the Commission was satisfied that the existence of two providing domestic coverage and four covering foreign news, insures effective competition and coverage.

Devaluation—depreciation of the pound sterling in terms of dollars and gold—as announced by the British Government September 18, 1949.

A working party set up by the Board of Trade in 1948 reported in 1949 on film production costs, with recommendations to improve and accelerate production in the industry.

Draft of a Wool Textile Industry Development Council order was presented to parliament in November 1949. This would follow the lines of other councils set up for the cotton, furniture, jewelry, and silverware industries. All concerns in the wool industry which employ labor or manufacturing processes and whose turn-over exceeds £300 in any month would be required to register with the Council. The Council would promote research, exports and design, and advise the industry and the Government on matters reviewed by the Wool Working Party. Expenses of the Council would be met by a levy on persons in the industry. Clothing Industry Development order was approved by parliament and became effective January 1, 1950.

Guatemala.— A lease law passed in December 1949, provided that plantation owners must continue leases to tenant farmers for 2 years, and they may not charge more than 10 percent of the value of the crop in cash or produce.

Hungary.—Nationalization of all important industries in Hungary was completed by decree in December 1949. This includes not only domestically owned firms but also foreign-owned enterprises formerly exempt from nationalization. Economic bureaus were established by decree in October 1949, to perform both official and economic tasks in the various parts of the People’s Economy. The former governmental organs and national enterprises will be discontinued and transformed into economic bureaus under direction of the People’s Economic Council. Another decree in October 1949 required reports on all real estate owned or used abroad and all assets claimed by inheritance.

Iran.—A 7-year economic development program was initiated under laws passed in February and July 1949. A planning organization was created to survey such projects as completion of railway lines, health programs, expansion of the production of wheat, cotton, and other agricultural products, and rehabilitation of textile mills and sugar refineries. Oil royalties will be used to finance the program. An economic council was set up to submit proposals for economic

plans, to study and coordinate has proposed or established by ministries and administrations, and to give advice on trade and other economic questions. Government offices are required to submit their plans to the council.

Japan.—The Monopoly Act of 1947, amended twice in 1948, was amended three times in 1949. The act is administered by the Fair Trade Commission, which also has charge of enforcement of the Trade Association Law of 1948, to which three amendments were passed in 1948 and six in 1949. The Marine Transportation Act, effective August 25, 1949, exempts shipping conferences from the Monopoly and Trade Association Laws, on condition that there shall be no unfair competitive methods or substantial restriction of competition tending toward unjust rate increases, no deferred rebates, no "fighting ships," and no retaliation against a shipper who entrusts his cargo to a ship-operator not engaged in conference activity. Under the Foreign Investment Law of 1950, a Foreign Investment Commission was established to screen investments in Japan on the basis of certain principles; that they directly or indirectly contribute to the development of essential industries or public enterprises; that they be necessary for the revival or continuation of existing technological assistance contracts or others designated by the Government; and that they make a direct or indirect contribution to the improvement of Japan's international balance of payments. This law, the recently enacted tax law, and the Foreign Exchange and Trade Control law of 1949 are designed to encourage foreign trade and to provide a sound basis for foreign investment in Japan.

New Zealand.—On May 5, 1950, The Prime Minister announced the abolition or reduction of many subsidies and subsequent price increases in such basic industries as food and fuel. The wool subsidy was removed as of the close of the present auction season. Freight rates were increased to meet the operating loss of Government railways, and the Government issued a general order allowing price increases on a long list of items to offset rising costs. Price controls were removed from another list of items considered in adequate supply. On June 4, 1950, the rationing program was fully terminated with the abolition of butter rationing.

Nicaragua.—A National Council of Economy was created by executive decree in June 1949, and a Technical Board of Economy was established in the Ministry of Economy. An Advisory Board was also created to cooperate with the Ministry. Members of the Board will include representatives of the National Chamber of Commerce and other organizations. Decree law of December 16, 1949, modified exchange and import-control procedures and provided for a special

type of compensation transaction under which part or all of the foreign exchange derived from exporting certain agricultural or industrial products may be used for importation of essential or semiessential articles. A special list of nonessential articles which may be imported under certificates of availability was published.

Norway.—Following devaluation in 1949, the Prime Minister declared it necessary to maintain price stability by continuation of the subsidy plan, which has been in effect for 4 years. The Price Directorate issued new regulations tightening controls over profit margins. In April 1950 the Minister outlined a program of economic policy calling for modernization of industry, improvement of productivity, concentration of investments on export industries and industries capable of reducing dependence on imports, reduction in subsidies to reduce the demand for imports, control of bank credit, and limitations on profits to a "socially defensible level" through price control. The Government appointed a special committee to study the need for integration of banks or a plan for the Government to take over the banks.

Pakistan.—Under the Development of Industries (Federal Control) Act of 1949, the Minister of Industries took charge of industry planning and regulation, including authority over participation of foreign capital. Twenty-seven specific industries are listed in the act. The Government made certain tax concessions and in September 1949 established a Council of Industries to handle industry planning and regulation under the 1949 act. In April 1950 an Industrial Development Corporation was created to promote and assist in financing certain key industries. The Plan includes organization of small-scale urban industries on cooperative lines or industrial cooperative lines or industrial cooperative societies comprising small-scale and cottage-industry workers. An Industrial Planning Committee will assist in preparation of a 5-year development plan.

Panama.—In order to encourage local industry, a decree was issued in May 1950 providing special benefits for business for a period of 25 years. The decree provides for exemption from import duties on needed machinery, exemption from taxes and other charges on production and sales, exemption from certain export duties, and exemption from income taxes on profits derived from operations outside of Panama. Tariff protection will be given an industry if national demand is supplied within 1 year after production begins. The law is designed to increase the production of consumer goods, increase exports, and decrease the outflow of currency. It will be applied to important industries such as agriculture and livestock activities, manufacturing industries, and extractive industries relating to forests,

minerals, and fishing. The National Economic Council will receive applications for concessions and will determine in each case whether the economic activity meets the requirements.

Peru.—A new Peruvian mining code is covered by a decree-law of May 12, 1950.

Philippines.—A new import control law passed in May 1950 subjects all imports to licensing regardless of whether quota limitations are imposed. For items under quota a certain percentage will be reserved for new importers. Goods will be classified by the Import Control Board as prime, essential, nonessential, or luxuries, with percentages assigned to each. A stringent price control law was also passed in 1950.

Portland.—Under a decree issued in September 1949, a Chamber of Foreign Commerce was created for the purpose of developing and strengthening economic relations between Poland and foreign countries. The Chamber will make investigations and prepare reports for use of the authorities and domestic enterprises. It will collect and disseminate information concerning matters bearing on foreign trade, and it will expedite plans and projects for trade and transportation.

Rumania.— program for speeding up collectivization of the farms was made effective in 1949, with liquidation of the last large estates completed in March 1949. Two decrees in November 1949 provided for reorganization of some of the economic ministries in order to facilitate the nationalization of industrial plants.

Sweden.—The Swedish Price Control Law of 1947 was extended in June 1949 for the rest of the year; thereafter the wage and price stabilization agreements with labor unions and farmers were prolonged for another year. The Government is pledged to prevent a general rise in the price level. Changes in ceiling prices are determined by a Cabinet committee on the basis of recommendations by the Price Control Board. The Board consults with manufacturers and merchants before it makes its recommendation. Subsidies have been effective on imports of essential commodities from hard currency areas. The Swedish Monopoly Investigation Bureau, created under the Cartel Act of 1946, registered about 100 cartel agreements in 1949, bringing to 350 the total registrations during the 3 years of the Bureau's operation. Most of the agreements refer to distribution of commodities in the Swedish market. Export cartels or international groups with Swedish membership are not subject to registration under the law.

Turkey.—A law approved in March 1950 modifies the foreign exchange regulations with respect to profits and capital, in order to

stimulate the establishment of new industries and the expansion and modernization of existing plants, and to encourage investment of private capital, both domestic and foreign, in Turkey. An Industrial Development Bank will be set up for the purpose.

Union of South Africa.—As an extension of its import and exchange-control program, the Union has announced that firms or individuals contemplating the establishment of new industries must obtain prior approval from the Directorate of Imports and Exports.

Union of Soviet Socialist Republics.—Since the war ended, more than 1,500,000 formerly independent farmers living in the western part of the Soviet have had their farms consolidated into about 25,000 collective farms, each including from 50 to 100 small farmers, pooling their land, livestock, and equipment.

Yugoslavia.—In February 1950 the Government decentralized control over heavy industries and reorganized the Government in line with the new program. The Ministries of Mines and Electro-economy were abolished. Six committees were created to supervise and coordinate the decentralized industries, and complete responsibility for those industries was transferred to the six governments of the States that constitute the Yugoslav federation.

PART V. FISCAL AFFAIRS

APPROPRIATION ACTS PROVIDING FUNDS FOR COMMISSION WORK

The Independent Offices Appropriation Act, 1950 (Public Law 266, 81st Cong.), approved August 24, 1949, provided funds for the fiscal year 1950 for the Federal Trade Commission as follows:

FEDERAL TRADE COMMISSION

Salaries and expenses: For necessary expenses, personal services in the District of Columbia; health service program as authorized by law (5 U. S. C. 150); payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 2672); contract stenographic reporting services; printing and binding; and newspapers not to exceed \$700: \$3,650,000; Provided, That no part of the funds appropriated herein for the Federal Trade Commission shall be expended upon any investigation hereafter provided by concurrent resolution of the Congress until funds are appropriated subsequently to the enactment of such resolution to finance the cost of such investigation.

APPROPRIATIONS FOR FISCAL YEAR

Funds appropriated to the Commission for the fiscal year 1950 as cited above amounted to \$3,650,000. In addition the Deficiency Appropriation Act, 1950 (Public Law 583, 81st Cong. 2d sess.), approved June 29, 1950, provided \$73,000, making a total available of \$3,723,000.

Obligations by functions

	Fiscal year 1949	Fiscal year 1950
1. Antimonopoly:		
Legal case work	\$1,267,927	\$1,400,000
Economic and financial reports	203,803	234,174
Export trade	50,075	52,432
2. Antideceptive practices:		
Legal case work	1,192,349	1,145,823
Trade practice conferences	234,642	211,497
Wool act administration	297,672	311,165
Trade marks and insurance	35,253	46,909
3. Administrative salaries	314,784	320,792
Total	3,596,505	3,722,792

APPROPRIATIONS AND EXPENDITURES, 1915-50

Obligations by objects

	Fiscal year 1949	Fiscal year 1950
Personal services -----	\$3,301,933	\$3,463,578
Travel -----	128,627	153,888
Transportation of things -----	1,190	819
Communication services -----	23,772	23,794
Rents and utility services -----	10,156	9,944
Printing and binding -----	36,401	29,746
Other contractual services -----	35,415	8,802
Supplies and materials -----	37,461	20,473
Equipment -----	21,550	11,748
Total -----	3,596,505	3,722,792

APPROPRIATIONS AND EXPENDITURES, 1915-50

Appropriations available to the Commission since its organization and expenditures for the same period, together with the unexpended balances, are:

Year	Nature of appropriations	Appropriations	Expenditures and liabilities	Balance

1915	Lump sum -----	\$184,016.23	\$90,442.05	\$93,574.18
	Printing and binding -----	12,386.76	9,504.16	2,882.60
1916	Lump sum -----	430,964.08	379,927.41	51,036.67
	Printing and binding -----	15,000.00	14,997.55	2.45
1917	Lump sum -----	542,025.92	448,890.66	93,135.26
	Printing and binding -----	25,000.00	23,610.54	1,389.46
1918	Lump sum -----	1,578,865.92	1,412,280.19	166,585.73
	Printing and binding -----	30,000.00	11,114.06	18,885.94
1919	Lump sum -----	1,693,622.18	1,491,637.39	201,984.97
	Printing and binding -----	14,934.21	14,934.21	0
1920	Lump sum -----	1,206,587.42	1,007,593.30	198,994.12
	Printing and binding -----	28,348.97	28,348.97	0
1921	Lump sum -----	938,609.94	842,991.24	95,618.70
	Printing and binding -----	37,182.56	37,182.56	0
1922	Lump sum -----	952,505.45	878,120.24	74,385.21
	Printing and binding -----	22,801.73	22,801.73	0
1923	Lump sum -----	952,020.11	948,293.07	3,727.04
	Printing and binding -----	22,460.21	22,460.21	0
1924	Lump sum -----	990,000.00	960,020.93	29,979.07
	Printing and binding -----	20,000.00	19,419.25	580.75
1925	Lump sum -----	990,000.00	988,082.37	1,917.63
	Printing and binding -----	20,000.00	19,866.14	133.86
1926	Lump sum -----	990,000.00	976,957.02	13,042.98
	Printing and binding -----	18,000.00	18,000.00	0
1927	Lump sum -----	980,000.00	943,881.99	36,118.01
	Printing and binding -----	17,000.00	17,000.00	0
1928	Lump sum -----	967,850.00	951,965.15	15,884.85
	Printing and binding -----	16,500.00	16,500.00	0
1929	Lump sum -----	1,135,414.83	1,131,521.47	3,893.36
	Printing and binding -----	27,777.69	27,777.69	0
1930	Lump sum -----	1,440,971.82	1,430,084.17	10,887.65
	Printing and binding -----	35,363.58	35,363.58	0
1931	Lump sum -----	1,932,857.81	1,808,403.35	124,454.46
	Printing and binding -----	39,858.73	39,858.73	0
1932	Lump sum -----	1,808,097.19	1,749,484.60	58,612.59
	Printing and binding -----	30,000.00	30,000.00	0
1933	Lump sum -----	1,421,714.70	1,378,973.14	42,741.56
	Printing and binding -----	30,000.00	20,000.00	10,000.00
1934	Lump sum -----	1,273,763.49	1,273,606.38	157.11
	Printing and binding -----	40,250.00	40,250.00	0
1935	Lump sum -----	2,063,398.01	1,922,313.14	141,084.67
	Printing and binding -----	34,000.00	34,000.00	0
1936	Lump sum -----	1,998,665.58	1,788,729.76	209,935.82
	Printing and binding -----	36,800.00	32,996.05	3,803.95
1937	Lump sum -----	1,895,571.94	1,850,673.82	44,898.12
	Printing and binding -----	43,353.95	43,353.95	0
1938	Lump sum -----	1,950,000.00	1,895,519.47	54,480.35
	Printing and binding -----	46,000.00	46,000.00	0

Year	Nature of appropriations	Appropriations	Expenditures and liabilities	Balance
1939	Lump sum -----	\$2,236,795.00	\$2,150,474.40	\$86,320.60
	Printing and binding -----	46,700.00	46,700.00	0
1940	Lump sum -----	2,285,500.00	2,214,889.07	70,610.93
	Printing and binding -----	60,000.00	60,000.00	0
1941	Lump sum -----	2,240,000.00	2,167,256.24	72,743.76
	Printing and binding -----	60,000.00	59,000.00	1,000.00
1942	Lump sum -----	2,373,822.00	2,296,921.13	76,900.87
	Printing and binding -----	60,000.00	42,000.00	18,000.00
1943	Lump sum -----	2,237,705.00	2,100,783.09	136,921.91
	Printing and binding -----	50,250.00	32,210.75	18,039.25
1944	Lump sum -----	2,040,050.00	1,917,307.50	122,742.50
	Printing and binding -----	43,000.00	39,848.47	3,151.55
1945	Lump sum -----	2,016,070.00	1,957,818.31	58,251.69
	Printing and binding -----	43,000.00	39,728.72	3,271.23
1946	Lump sum -----	2,129,833.00	2,118,404.77	11,428.28
	Printing and binding -----	44,000.00	33,044.88	10,955.12
1947	Lump sum -----	2,925,120.00	2,826,817.64	98,302.36
	Printing and binding -----	50,000.00	33,902.35	16,097.65
1948	Lump sum -----	2,915,596.00	2,894,685.60	20,911.32
	Printing and binding -----	55,000.00	53,815.34	1,184.66
1949	Lump sum -----	3,574,510.00	3,560,103.39	14,406.61
	Printing and binding -----	46,525.00	36,401.16	10,123.84
1950	Lump sum (including printing and binding) ---	3,723,000.00	3,722,791.55	208.45

APPENDIXES

FEDERAL TRADE COMMISSION ACT

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

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

SEC. 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created and established, to be known as the Federal Trade Commission hereinafter referred to as the Commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the date of the taking effect of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed: Provided, however, That upon the expiration of his term of office a commissioner shall continue to serve until his successor shall have been appointed and shall have qualified. The Commission shall choose a chairman from its own membership.¹ No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the Commission shall not impair the right of the remaining commissioners to exercise all the powers of the Commission.

The Commission shall have an official seal, which shall be judicially noticed.

SEC. 2. That each commissioner shall receive a salary of \$10,000 a year,² payable in the same manner as the salaries of the Judges of the courts of the United States. The Commission shall appoint a secretary who shall receive a salary of 85,000 a year,³ payable in like manner, and it shall have authority to employ and fix the compensation of such attorneys, special experts, examiners, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties and as may be from time to time be appropriated for by Congress.

¹ Under Reorganization Plan No. 8 of 1950, which became effective May 24, 1950, pursuant to the Reorganization Act of 1949, the power to appoint the chairman was transferred to the President. The plan also transferred to the chairman, subject to specified limitations, the executive and administrative functions formerly exercised by the Commission as a whole.

² The salaries of the commissioners were increased to \$15,000 a year under the provisions of Public Law 359, 81st Cong., approved October 16, 1949.

³ The salary of the secretary is controlled by the provisions of the Classification Act of 1923, approved March 4, 1923, 42 Stat. 1488.

With the exception of the secretary a clerk to each commissioner, the attorneys, and such special experts and examiners as the Commission may from time to time and necessary for the conduct of its work, all employees of the commission shall be a part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the Commission and by the Civil Service Commission.

All of the expenses of the Commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigation, or upon official business in any other places than in the City of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Commission.

Until otherwise provided by law, the commission may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the Commission.⁴

SEC. 3. That upon the organization of the Commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of corporations shall cease to exist; and all pending investigations and proceedings of the Bureau of Corporations shall be continued by the Commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the Commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the Commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the Commission in the exercise of the powers, authority, and duties conferred on it by this Act.

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

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

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

"Corporation" shall be deemed to include any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, which is organized to carry on business for its own profit or that of its members, and has shares of capital or capital stock or certificates of interest, and any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, without shares of capital or capital stock or certificates of interest, except partnerships, which is organized to carry on business for its own profit or that of its members.

⁴ Auditing of accounts was made a duty of the General Accounting Office by the Act of June 10, 1921, 42 Stat. 24.

"Documentary evidence" includes all documents, papers, correspondence, books of account, and financial and corporate records.

"Acts to regulate commerce" means the Act entitled "An Act to regulate commerce," approved February 14, 1887, and all Acts amendatory thereof and supplementary thereto and the Communications Act of 1934 and all Acts amendatory thereof and supplementary thereto.

"Antitrust Acts" means the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890; also sections 73 to 77, inclusive, of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1894; also the Act entitled "An Act to amend sections 73 and 76 of the Act of August 27, 1894, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes,'" approved February 12, 1913; and also the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914.

SEC. 5. (a) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers, subject to the Acts to regulate commerce, air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938,⁵ and persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b) of said Act, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

(b) Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice in question is prohibited by this Act, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, or, if a

⁵ By subsection (f), Section 1107 of the "Civil Aeronautics Act of 1938," approved June 23, 1938, Public No. 706, 75th Congress, Ch. 601, 3d Sess., S. 3845, 52 Stat. 1028, Section 5 (a) of the Federal Trade Commission Act was amended by inserting before the words "and persons" (and following the words "to regulate commerce"), the following: "air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1918."

petition for review has been filed within such time then until the transcript of the record in the proceeding has been filed in a circuit court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission may at any time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part, any report or order made or issued by it under this section, whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require: Provided, however, That the said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate circuit court of appeals of the United States, in the manner provided in subsection (c) of this section.

(c) Any person, partnership, or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the circuit court of appeals of the United States, within any circuit where the method of competition or the act or practice in question was used or where such person, partnership, or corporation resides or carries on business, by filing in the court, within sixty days⁶ from the date of the service of such order, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission forthwith shall certify and file in the court a transcript of the entire record in the proceeding, including all the evidence taken and the report and order of the Commission. Upon such filing of the petition and transcript the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, evidence, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed, and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public or to competitors pendente lite. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. To the extent that the order of the Commission is affirmed, the court shall thereupon issue its own order commanding obedience to the terms of such order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, for the modification

⁶ Section 5 (a) of the amending Act of 1938 provides:

SEC. 5. (a) In case of an order by the Federal Trade Commission to cease and desist served on or before the date of enactment of this Act, the sixty-day period referred to in section 5 (c) Of the Federal Trade Commission Act, as amended by this Act, shall begin on the date of the enactment of this Act.

or setting aside of its original order, with the return of such additional evidence. The Judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

(d) The jurisdiction of the circuit court of appeals of the United States to affirm, enforce, modify, or set aside orders of the Commission shall be exclusive.

(e) Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

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

(g) An order of the Commission to cease and desist shall become final—

(1) Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the Commission may thereafter modify or set aside its order to the extent provided in the last sentence of subsection (b); or

(2) Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed, or the petition for review dismissed by the circuit court of appeals, and no petition for certiorari has been duly filed; or

(3) Upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the circuit court of appeals; or

(4) Upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the order of the Commission be affirmed or the petition for review dismissed.

(h) If the Supreme Court directs that the order of the Commission be modified or set aside, the order of the Commission rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of thirty days from the time it was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected to accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(i) If the order of the Commission is modified or set aside by the circuit court of appeals, and if (1) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered in accordance with the mandate of the circuit court of appeals shall become final on the expiration

of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(j) If the Supreme Court orders a rehearing; or if the case is remanded by the circuit court of appeals to the Commission for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.³

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

(1) Any person, partnership, or corporation who violates an order. to the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense."

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

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

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust Acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation and the report shall be made public in the discretion of the commission.

⁷ This sentence added by sec. 4 (c) of Public Law 459, 81st Cong., approved March 26, 1950, and effective July 1, 1950.

(d) Upon the direction of the President or either⁸ House of Congress to investigate and report the facts relating to any alleged violations of the antitrust Acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the antitrust Acts :in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

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

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

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

SEC. 7. That in any suit in equity brought by or under the direction of the Attorney General as provided in the antitrust Acts, the court may, upon the conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission, as a master in chancery, to ascertain and report an appropriate form of decree therein. The commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had in relation thereto as upon the report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

SEC. 8. That the several departments and bureaus of the Government when directed by the President shall furnish the commission, upon its request, all records, papers, and information in their possession relating to any corporation subject to any of the provisions of this Act, and shall detail from time to time such officials and employees to the commission as he may direct.

SEC. 9. That for the purposes of this Act the commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoenas, and members and examiners of the commission may administer oaths and affirmations, examine witnesses, and receive evidence.

⁸ The Independent Offices Appropriation Act of 1934 provided that future investigations by the Commission for Congress must be authorized by concurrent resolution of the two Houses. Under the Appropriation Act of 1951, funds appropriated for the Commission are not to be spent upon any investigation thereafter called for by congressional concurrent resolution "until funds are appropriated subsequently to the enactment of such resolution to finance the cost of such investigation."

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

Any of the district courts of the United States within the Jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, the district courts of the United States shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken, and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it; Provided, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent Jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

Any person who shall willfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall willfully make, or cause to be made, any false entry in any account, record, or memorandum kept by any corporation subject to this Act, or who shall

willfully neglect or fail to make, or cause to be made, full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of such corporation, or who shall willfully remove out of the jurisdiction of the United States, or willfully mutilate, alter, or by any other means falsify any documentary evidence of such corporation, or who shall willfully refuse to submit to the commission or to any of its authorized agents, for the purpose of inspection and taking copies, any documentary evidence of such corporation in his possession or within his control, shall be deemed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than \$1,000 nor more than \$5,000 or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this Act to file any annual or special report shall fail so to do within the time fixed by the commission for filing the same, and such failure shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

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

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

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

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

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

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

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

(1) that any person, partnership, or corporation is engaged in, or is about to engage in, the dissemination or the causing of the dissemination of any advertisement in violation of section 12, and

(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public,

the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or in the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership or corporation resides or transacts business.

(b) Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication, published at regular intervals—

(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue after the regular time therefor, and

(2) that such delay would be due to the method by which the manufacture and distribution of such publication is customarily conducted by the publisher in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement.

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

SEC. 14.⁹ (a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement thereof, or under such conditions as are customary or usual, or if such violation is with intent to defraud or mislead, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than six months, or by both such fine and imprisonment; except that if the conviction is for a violation committed after a first conviction of such person, partnership, or corporation, for any violation of such section, punishment shall be by a fine of not more than \$10,000 or by imprisonment for not more than one year, or by both such fines and imprisonment: Provided, That for the purposes of this section meats and meat food products duly inspected, marked, and labeled in accordance with rules and regulations issued under the Meat Inspection Act approved March 4, 1907, as amended, shall be conclusively presumed not injurious to health at the time the same leave official "establishments."

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

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

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

nate such advertisement. No advertising agency shall be liable under this section by reason of the causing by it of the dissemination of any false advertisement, unless it has refused, on the request of the Commission, to furnish the Commission the name and postoffice address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused it to cause the dissemination of such advertisement.

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

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

(2)¹⁰ In the case of oleomargarine or margarine an advertisement shall be deemed misleading in a material respect if in such advertisement representations are made or suggested by statement, word, grade designation, design, device, symbol, sound, or any combination thereof, that such oleomargarine or margarine is a dairy product, except that nothing contained herein shall prevent a truthful, accurate, and full statement in any such advertisement of all the ingredients contained in such oleomargarine or margarine.

(b) The term "food" means (1) articles used for food or drink for man or other animals, (2) chewing gum, and (3) articles used for components of any such article.

(c) The term "drug" means (1) articles recognized in the official United State Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any article specified in clause (1), (2), or (3); but does not include devices or their components, parts, or accessories.

(d) The term "device" (except when used in subsection (a) of this section) means instruments, apparatus, and contrivances, including their parts and accessories, intended (1) for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; or (2) to affect the structure or any function of the body of man or other animals.

(e) The term "cosmetic" means (1) articles to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof intended for cleansing, beautifying, promoting attractiveness, or altering the appearance, and (2) articles intended for use as a component of any such articles; except that such term shall not include soap.

¹⁰ This subsection added by sec. 4(a) of Public Law 459, 81st Cong., approved March 26, 1950, and effective July 1, 1950.

(f) ¹¹ For the purposes of this section and section 407 of the Federal Food, Drug, and Cosmetic Act, as amended, the term "oleomargarine" or "margarine" includes—

(1) all substances, mixtures, and compounds known as oleomargarine or margarine;

(2) all substances, mixtures, and compounds which have a consistence similar to that of butter and which contain any edible oils or fats other than milk fat if made in imitation or semblance of butter.

SEC. 16. Whenever the Federal Trade Commission has reason to believe that any person, partnership, or corporation is liable to a penalty under section 14 or under subsection (1) of section 5, it shall certify the facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of such section or subsection.

SEC. 17. If any provision of this Act, or the application thereof to any person, partnership, corporation, or circumstance, is held invalid, the remainder of the Act and the application of such provision to any other person, partnership, corporation, or circumstance shall not be affected thereby.

SEC. 18. This Act may be cited as the "Federal Trade Commission Act."

Original act approved September 26, 1914.

Amended act approved March 21, 1938.

OTHER ACTS ADMINISTERED BY THE COMMISSION

In addition to the Federal Trade Commission Act, the Commission also administers section 2 of the Clayton Act (15 U. S. C., sec. 13), as amended by the Robinson-Patman Antidiscrimination Act, and sections 3, 7, and of the Clayton Act (15 U. S. C., secs. 14, 18, and 19); the Export Trade Act (15 U. S. C., secs. 61-65); the Wool Products Labeling Act (15 U. S. C., sec. 68); and certain sections of the Trade-Mark Act of 1946 (15 U. S. C., secs. 1051-1072, 1091-1096, and 1111-1127).

TYPES OF UNFAIR METHODS AND PRACTICES

TYPICAL METHODS AND PRACTICES CONDEMNED IN ORDERS TO CEASE AND DESIST

The following list illustrates unfair methods of competition and unfair or deceptive acts and practices condemned by the Commission from time to time in its orders to cease and desist. The list is not limited to orders issued during the fiscal year. Because of space limitation it does not include specific practices outlawed by the Clayton Act and committed to the Commission's jurisdiction, namely, various forms of price discrimination, exclusive-dealing and tying arrangements, competitive stock acquisition, and certain kinds of competitive interlocking directorates.

1. The use of false or misleading advertising concerning, and the misbranding of, commodities, respecting the materials or ingredients of which they are composed, their quality, purity, origin, source, attributes, or properties, or nature of manufacture, and selling them under such name and circumstances as to deceive the public. An important part of these include misrepresentation of the therapeutic and corrective properties of medicinal preparations and devices, and cosmetics, and the false representation, expressly or by failure to disclose their potential harmfulness, that such preparations may be safely used.

¹¹ See footnote 10, p. 101.

2. Describing various symptoms and falsely representing that they indicate the presence of diseases and abnormal conditions which the product advertised will cure or alleviate.
3. Representing products to have been made in the United States when the mechanism or movements, in whole or in important part, are of foreign origin.
4. Bribing buyers or other employees of customers and prospective customers, without employers' knowledge or consent, to obtain or hold patronage.
5. Procuring the business or trade secrets of competitors by espionage, or by bribing their employees, or by similar means.
6. Inducing employees of competitors to violate their contracts and enticing them away in such numbers or under such circumstances as to hamper or embarrass the competitors in the conduct of their business.
7. Making false and disparaging statements respecting competitors' products and business, in some cases under the guise of ostensibly disinterested and specially informed sources or through purported scientific, but in fact misleading, demonstrations or tests.
8. Widespread threats to the trade of suits for patent infringement arising from the sale by competitors of alleged infringing products, not in good faith, but for the purpose of intimidating the trade and hindering or stifling competition, and claiming, without justification, exclusive rights in public names of unpatented products.
9. Conspiring to maintain uniform selling prices, terms and conditions of sale through the use of a patent-licensing system.
10. Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers or certain classes of such dealers from procuring goods at the same terms accorded to the boycotters or conspirators, or through coercion to influence the trade policy of their competitors or of manufacturers from whom they buy.
11. Passing off goods for products of competitors through appropriation or simulation of such competitors' trade names, labels, dress of goods, or counter-display catalogs.
12. Selling rebuilt, second-hand, renovated, or old products, or articles made in whole or in part from used or second-hand materials, as new, by so representing them or by failing to reveal that they are not new or that second-hand materials have been used.
13. Buying up supplies for the purpose of hampering competitors and sliding or eliminating competition.
14. Using concealed subsidiaries, ostensibly independent, to obtain competitive business otherwise unavailable, and making use of false and misleading representations, schemes, and practices to obtain representatives and make contacts, such as pretended puzzle-prize contests purportedly offering opportunities to win handsome prizes, but which are in fact mere "come-on" schemes and devices in which the seller's true identity and interest are initially concealed.
15. Selling or distributing punchboards and other lottery devices which are to be or may be used in the sale of merchandise by lot or chance; using merchandising schemes based on lot or chance, or on a pretended contest of skill.
16. Combinations or agreements of competitors to fix, enhance, or depress prices, maintain prices, bring about substantial uniformity in prices, or divide territory or business, to cut off or interfere with competitors' sources of supply, or to close market to competitors; or use by trade associations of so-called standard cost system, price lists, or guides, or exchange of trade information calculated to bring about these ends, or otherwise restrain or hinder free competition.

17. Intimidation or coercion of producer or distributor to cause him to organize, join, or contribute to, or to prevent him from organizing, joining, or contributing to, producers' cooperative association or other association.

18. Aiding, assisting, or abetting unfair practice, misrepresentation, and deception, and furnishing means of instrumentalities therefor; and combing and conspiring to offer or sell products by chance or by deceptive methods, through such practices as supplying dealers with lottery devices, or selling to dealers and assisting them in conducting con test schemes as a part of which pretended credit slips or certificates are issued to contestants, when in fact the price of the goods has been marked up to absorb the face value of the credit slip; and the supplying of emblems or devices to conceal marks of country of origin of goods, or otherwise to misbrand goods as to country of origin.

19. Various methods to create the impression that the customer is being offered an opportunity to make purchases under unusually favorable conditions when such is not the case, such devices including—

(a) Sales plans in which the seller's usual price is falsely represented as a special reduced price for a limited time or to a limited class, or false claim of special terms, equipment, or other privileges or advantages.

(b) The use of the "free goods" or service device to create the impression that something is actually being thrown in without charge, when it is fully covered by the amount exacted in the transaction as a whole, or by services to be rendered by the recipient.

(c) Use of misleading trade names calculated to create the impression that a dealer is a producer or importer selling directly to the consumer, with resultant savings.

(d) Offering of false "bargains" by pretended cutting of a fictitious "regular" price.

(e) Use of false representations that an article offered has been rejected as nonstandard and is offered at an exceptionally favorable price, or that the number thereof that may be purchased is limited.

(f) Falsely representing that goods are not being offered as sales in ordinary course, but are specially priced and offered as a part of a special advertising campaign to obtain customers, or for some purpose other than the customary profit.

(g) Misrepresenting, or causing dealers to misrepresent, the interest rate of carrying charge on deferred payments.

20. Using containers ostensibly of the capacity customarily associated by the purchasing public with standard weights or quantities of the product therein contained, or using standard containers only partially filled to capacity, so as to make it appear to the purchaser that he is receiving the standard weight or quantity.

21. Misrepresenting in various ways the necessity or desirability or the advantages to the prospective customer of dealing with the seller, such as—

(a) Misrepresenting seller's alleged advantages of location or size, or the branches, domestic or foreign, or the dealer outlets he has.

(b) Making false claim of being the authorized distributor of some concern; or failing to disclose the termination of such relationship, in soliciting customers of such concern, or of being successor thereto or connected therewith, or of being the purchaser of competitor's business, or falsely representing that competitor's business has been discontinued, or falsely claiming the right to prospective customer's special consideration through such false

statements as that the customer's friends or his employer have expressed a desire for, or special interest in, consummation of seller's transaction with the customer.

(c) Alleged connection of a concern, organization, association, or institute with, or endorsement of it or its product or services by, the Government or nationally known organization, or representation that the use of such product or services is required by the Government, or that failure to comply with such requirement is subject to penalty.

(d) False claim by a vendor of being an importer, or a technician, or a diagnostician, or a manufacturer, grower, or nurseryman, or a distiller, or of being a wholesaler, selling to the consumer at wholesale prices; or by a manufacturer of being also the manufacturer of the raw material entering into the product, or by an assembler of being a manufacturer.

(e) Falsely claiming to be a manufacturer's representative and outlet for surplus stock sold at a sacrifice.

(f) Falsely representing that the seller owns a laboratory in which the product offered is analyzed and tested.

(g) Representing that ordinary private commercial seller and business is an association, or national association, or connected therewith, or sponsored thereby, or is otherwise connected with noncommercial or professional organizations or associations, or constitutes an institute, or, in effect, that it is altruistic in purpose, giving work to the unemployed.

(h) Falsely claiming that business is bonded, or misrepresenting its age or history, or the demand established for its products, or the selection afforded, or the quality or comparative value of its goods, or the personnel or staff or personages presently or theretofore associated with such business or the products thereof.

(i) Claiming falsely or misleadingly patent, trade-mark, or other special and exclusive rights.

(j) Granting seals of approval by a magazine to products advertised therein and misrepresenting thereby that such products have been adequately tested, and misrepresenting by other means the quality, performance, and characteristics of such products.

22. Obtaining business through undertakings not carried out and not intended to be carried out, and through deceptive, dishonest, and oppressive crevices calculated to entrap and coerce the customer or prospective customer, such practices including—

(a) misrepresenting that seller fills orders promptly, ships kind of merchandise described, and assigns exclusive territorial rights within definite trade areas to purchasers or prospective purchasers.

(b) Obtaining orders on the basis of samples displayed for customer's selection and failing or refusing to respect such selection thereafter in filling of orders, or promising results impossible of fulfillment, or falsely making promises or holding out guaranties, or the right of return, or results, or refunds, replacements, or reimbursements or special or additional advantages to the prospective purchasers such as extra credit, or furnishing of supplies or advisory assistance; or falsely assuring the purchaser or prospective purchaser that certain special or exclusively personal favors or advantages are being granted him.

(c) Concealing from prospective purchaser unusual features involved in purchaser's commitment, the result of which will be to require of purchaser

further expenditure in order to obtain benefit of commitment and expenditure already made, such as failure to reveal peculiar or nonstandard shape of portrait or photographic enlargement, so as to make securing of frame therefor from sources other than seller difficult and impracticable, if not impossible.

(d) Obtaining by deceit prospective customer's signature to a contract and promissory note represented as simply an order on approval.

(e) Making use of improper and coercive practices as means of exacting additional commitments from purchasers, through such practices as unlawfully withholding from purchaser property of latter lent to seller incident to carrying out of original commitment, such as practice of declining to return original photograph from which enlargement has been made until purchaser has also entered into commitment for frame therefor.

(f) Falsely representing earnings or profits of agents, dealers, or purchasers, or the terms or conditions involved, such as false statement that participation by merchant in seller's sales promotion scheme is without cost to merchant, and that territory assigned an agent, representative, or distributor is new or exclusive.

(g) Obtaining agents or representatives to distribute the seller's products through falsely promising to refund the money paid by them should the product prove unsatisfactory, or promising that the agent would be granted right to exclusive or new territory, would be given assistance by seller, or would be given special credit or furnished supplies, or overstating the amount of his earnings or the opportunities which the employment offers.

(h) Advertising a price for a product as illustrated or described and not including in such price all charges for equipment or accessories illustrated or described or necessary for use of the product or customarily included as standard equipment, and failing to include all charges not specified as extra.

23. Giving products misleading names so as to give them a value to the purchasing public which they would not otherwise possess, such as names implying falsely that—

(a) The products were made for the Government or in accordance with its specifications and of corresponding quality, or that the advertiser is connected with the Government in some way, or in some way the products have been passed upon, inspected, underwritten, or endorsed by it; or

(b) They are composed in whole or in part of ingredients or materials which in fact are present only to a negligible extent or not at all, or that they have qualities or properties which they do not have; or

(c) They were made in or came from some locality famous for the quality of such products, or are of national reputation; or

(d) They were made by some well and favorably known process; or

(e) They have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly, or giving such approval; or

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

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

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

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

(j) They are designed, sponsored, produced, or approved by the medical profession, health and welfare associations, hospitals, celebrities, educational institutions and authorities, such as the use of letters "M. D." and the words "Red Cross" and its insignia and words "Boy Scout."

24. Selling below cost or giving products without charge, with intent and effect of hindering or suppressing competition.

25. Dealing unfairly and dishonestly with foreign purchasers and thereby discrediting American exporters generally.

26. Coercing and forcing uneconomic and monopolistic reciprocal dealing.

27. Entering into contracts in restraint of trade whereby foreign corporations agree not to export certain products to the United States in consideration of a domestic company's agreement not to export the same commodity, nor to sell to anyone other than those who agree not to so export the same.

28. Employing various false and misleading representations and practices attributing to products a standing, merit and value to the purchasing public, or a part thereof, which they do not possess, such practices including—

(a) Misrepresenting, through salesmen or otherwise, products' composition, nature, qualities, results accomplished, safety, value, and earnings or profits to be had therefrom.

(b) Falsely claiming unique status or advantages, or special merit therefor, on the basis of misleading and ill-founded demonstrations or scientific tests, or pretended widespread tests, or of pretended widespread and critical professional acceptance and use.

(c) Misrepresenting the history or circumstances involved in the making and offer of the products or the source or origin thereof (foreign or domestic), or of the ingredients entering therein, or parts thereof, or the opportunities brought to the buyer through purchase of the offering, or otherwise misrepresenting scientific or other facts bearing on the value thereof to the purchaser.

(d) Falsely representing products as legitimate, or prepared in accordance with Government or official standards or specifications.

(e) Falsely claiming Government or official or other acceptance, use, and endorsement of product, and misrepresenting success and standing thereof through use of false and misleading endorsements or false and misleading claims with respect thereto, or otherwise.

(f) Making use of a misleading trade name and representing by other means that the nature of a business is different than is the fact, such as a collection agency engaged in tracing alleged delinquent debtors representing itself to be a delivery system, an organization in search of missing heirs, or one connected with a Government agency.

(g) Misrepresenting fabrics or garments as to fiber content; and, in the case of wool products, failing to attach tags thereto indicating the wool, reused wool, reprocessed wool or other fibers contained therein, and the identity of the manufacturer or qualified reseller, as required by the Wool Products Labeling Act, or removing or mutilating tags required to be affixed to the products when they are offered for sale to the public.

29. Failing and refusing to deal justly and fairly with customers in consummating transactions undertaken through such practices as refusing to correct mistakes in filing orders or to make promised adjustments or refunds, and

retaining, without refund, goods returned for exchange or adjustment, and enforcing, notwithstanding agents' alterations, printed terms of purchase contracts, and exacting payments in excess of customers' commitments.

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

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

RULES OF PRACTICE¹

RULE I. THE COMMISSION

Offices.—The principal office of the Commission is at Washington, D. C.

All communications to the Commission must be addressed to Federal Trade Commission, Washington 25, D. C., unless otherwise specifically directed.

Branch Offices are maintained at New York, Chicago, San Francisco, Seattle, and New Orleans.

Their addresses are: Federal Trade Commission, Room 501, 45 Broadway, New York 6, N. Y.; Federal Trade Commission, 1118 New Post Office Building, 433 West Van Buren Street, Chicago 7, Ill.; Federal Trade Commission, Federal Office Building, Room 133, Civic Center, San Francisco 2, Calif.; Federal Trade Commission, 447 Federal Office Building, Seattle 4, Wash.; Federal Trade Commission, Room 652, Federal Office Building, 600 South Street, New Orleans 12, La.

Hours.—Offices are open on each business day from 8: 30 a. m. to 5 p. m.

Sessions.—The Commission may meet and exercise all its powers at any place, and may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

Sessions of the Commission for hearings will be held as ordered by the Commission.

Sessions of the Commission for the purpose of making orders ad for transaction of other business unless otherwise ordered will be held at the principal office of the Commission at Pennsylvania Avenue and Sixth Street, Washington, D. C., on each business day at 10 a. m.

Quorum.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

Public information.—All requests, whether for information or otherwise, and submittals shall be addressed to the principal office of the Commission.

RULE II. THE SECRETARY

The Secretary is the executive officer of the Commission and shall have the legal custody of its seal, papers, records, and property; and all orders of the Commission shall be signed by the Secretary or such other person as may be authorized by the Commission.

¹ The rules of practice are published as last amended on June 29, 1950, as promulgated through the Federal Register on July 12, 1950, and then effective.

² In revising rules VIII, X, XI, XII, XIV, XV, and XVIII to XXVI, inclusive, on April 19, 1950, as promulgated through the Federal Register for April 28, 1950, the Commission provided—

Said rules shall be effective June 1, 1950, and shall apply to all proceedings before the Federal Trade Commission, which on that date have not been formally closed for the reception of evidence by order of the Trial Examiner. Cases which have been so closed on that date shall be adjudicated in accordance with the rules now in effect.

RULE III. INVESTIGATIONAL PROCEDURES

(a) Investigations.—In any matter under investigation the Commission may invoke any or all of the compulsory processes authorized by law, including those stated in subsection (2) of section C of Rule XXX. Any party required in any manner to respond to such processes shall be given actual notice of the purpose of the investigation.

(b) Investigational hearings.—Investigational hearings as distinguished from hearings in formal adversary proceedings shall be held before the Commission, one or more of its members, or a duly designated representative for the purpose of hearing the testimony of witnesses and receiving documents and other data relating to one or more of the subjects under investigation. Unless otherwise ordered by the Commission, such hearings shall be nonpublic investigatory proceedings and shall be stenographically reported, and a transcript thereof shall be made a part of the record of the investigation.

(c) Rights of witnesses.—The provisions of subsection (3) of section C of Rule XXX shall be applicable to proceedings under (a) and (b) above.

RULE IV. APPLICATIONS FOR COMPLAINT

Any person, partnership, corporation, or association may apply to the Commission to institute a proceeding in respect to any violation of law over which the Commission has jurisdiction.

Such application for complaint shall be in writing, signed by or in behalf of the applicant, and shall contain a short and simple statement of the facts constituting the alleged violation of law and the name and address of the applicant and of the party complained of.

RULE V. COMPLAINTS

Whenever the Commission shall have reason to believe that there is a violation of law over which the Commission has jurisdiction, and in case of violation of the Federal Trade Commission Act, if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, the Commission shall issue and serve upon the proper parties a complaint stating its charges and containing a notice of a hearing upon a day and at the place therein fixed, at least thirty (30) days after the service of said complaint!..

Upon request made within 15, days after service of the complaint, any party shall be afforded opportunity for the submission of facts, arguments, offers of settlement or proposals of adjustment where time, the nature of the proceeding and the public interest permit, and due consideration shall be given to the same. Such submission shall be in writing. The filing of such request shall not operate to delay the filing of the answer.

RULE VI. SERVICE

Complaints, orders, and other processes of the Commission, and briefs in support of the complaint, will be served by the secretary of the Commission by registered mail, except when service by other method shall be specifically ordered by the Commission, by registering and mailing a copy thereof addressed to the person, partnership, or corporation to be served at his or its principal office or place of business. When proceeding under the Federal Trade Commis-

sion Act service may also be made at the residence of the person, partnership, or corporation to be served.

When service is not accomplished by registered mail, complaints, orders, or other processes of the Commission, and briefs in support of the complaint, may be served by anyone duly authorized by the Commission, or by any examiner of the Commission,

(a) By delivering a copy of the document to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or

(b) By leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation. When proceeding under the Federal Trade Commission Act service may also be made at the residence of the person, partnership, or corporation to be served.

The return post-office receipt for said complaint, order, or other process or brief registered and mailed as aforesaid, or the verified return by the person serving such complaint, order, or other process or brief, setting forth the manner of said service, shall be proof of the service of the document.

RULE VII. APPEARANCE

Any individual or member of a partnership which is a party to any proceeding before the Commission may appear for himself, or such partnership upon adequate identification, and a corporation or association may be represented by a bona fide officer of such corporation or association upon a showing of adequate authorization therefor.

A party may also appear by an attorney at law possessing the requisite qualifications, as hereinafter set forth, to practice before the Commission.

Attorneys at law who are admitted to practice before the Supreme Court of the United States, or the highest court of any State or Territory of the United States, or the United States Court of Appeals for the District of Columbia, or the District Court of the United States for the District of Columbia, may practice before the Commission.

No register of attorneys who may practice before the Commission is maintained. No application for admission to practice before the Commission is required. A written notice of appearance on behalf of a specific party or parties in the particular proceeding should be submitted by attorneys desiring to appear for such specific party or parties, which notice shall contain a statement that the attorney is eligible under the provisions of this rule. Any attorney practicing before the Commission or desiring so to practice may, for good cause shown, be disbarred or suspended from practicing before the Commission, but only after he has been afforded an opportunity to be heard in the matter.

No former officer, examiner, attorney, clerk, or other former employee of this Commission shall appear as attorney or counsel for or represent any party in any proceeding resulting from any investigation, the files of which came to the personal attention of such former officer, examiner, attorney, clerk, or other former employee during the term of his service or employment with the Commission.

RULE VIII. ANSWERS

In case of desire to contest the proceeding the respondent shall, within twenty (20) days from the service of the complaint, file with the Commission an answer to the complaint. Such answer shall contain a concise statement of the facts

which constitute the ground of defense. Respondent shall specifically admit or deny each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state.

Ten (10) copies of answers shall be furnished. The original of all answers shall be signed in ink, by the respondent or by his attorney at law. Corporations or associations shall file answers through a bona fide officer or by an attorney at law. Answers shall show the office and post-office address of the signer.

Failure of the respondent to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize the Commission, without further notice to respondent, to proceed in regular course on the charges set forth in the complaint.

If respondent desires to waive hearing on the allegations of fact set forth in the complaint and not to contest the facts, the answer may consist of a statement that respondent admits all the material allegations of fact charged in the complaint to be true. Such answer will constitute a waiver of any hearing as to the facts alleged in the complaint and findings as to the facts and conclusions based upon such answer shall be made and order entered disposing of the matter without any intervening procedure. The respondent may, however, reserve in such answer the right to submit proposed findings and conclusions of fact or of law under Rule XXI, and the right to appeal under Rule XXIII.

Requests for leave to withdraw an answer and file a substitute or amended answer shall be addressed to and ruled upon by the trial examiner subject to the provisions of Rule XX.

The trial examiner may, at any time the case is pending before him, at the request or with the consent of the parties, hold a conference or conferences for the settlement or simplification of the issues in the proceeding.

RULE IX. INTERVENTION

So far as the responsible conduct of public business shall permit, any interested person, after leave granted, may appear before the Commission, or its delegated responsible officer, for the presentation, adjustment, or determination of any issue, request, or controversy in any proceeding or in connection with any function of the Commission.

Any person, partnership, corporation, or association desiring to intervene in a contested proceeding shall make application in writing, setting out the grounds on which he or it claims to be interested.

The Commission may, by order, permit intervention by counsel or in person to such extent and upon such terms as it shall deem proper.

RULE X. MOTIONS

During the time a proceeding is pending before a trial examiner all motions therein, except as provided in Rules XV (d), XVI, and XIX, shall be addressed to and ruled upon by him, and no interlocutory appeals to the Commission from such rulings shall be allowed except as provided in Rules XIV, XVI, and XX.

When a motion to dismiss is granted as to all charges of the complaint in regard to one or more respondents, or is granted as to any part of such charges in regard to any or all respondents, the trial examiner shall forthwith render, in accordance with the appropriate provisions of Rules XXI, XXII, and XXIII, an initial decision dismissing the complaint as to such charges or such respondents. An appeal from such decision may be taken in accordance with Rule XXIII.

All motions subsequent to the filing of the initial decision shall be addressed to and ruled upon by the Commission. Ten (10) copies of all motions shall be filed.

RULE XI. TIME

(a) Computation.—In computing any period of time prescribed or allowed by these rules, the day of the act, event, or default after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Sunday or legal holiday, in which event the period runs until the end of the next day which is neither a Sunday nor a holiday. When the period of time prescribed or allowed is less than seven (7) days, intermediate Sundays and holidays shall be excluded in the computation. A half holiday shall be considered as other days and not as a holiday.

(b) Continuances and extensions of time.—For good cause shown, the trial examiner may, as to all matters pending before him, extend any time limit prescribed in these rules, except that governing the submission of his initial decision. Except as otherwise expressly provided by law, the Commission, for good cause shown, may extend any time limit prescribed in these rules with respect to matters pending before it. Application for an extension shall be made prior to the expiration of the time which it is desired to extend.

(c) Regulation of time and place of hearing.—Initial hearing before a trial examiner shall begin at the time and place ordered by the Commission, unless a notice of a change of such time and place is issued by the trial examiner, who shall regulate the course of hearings subject to the provisions of Rule XX.

RULE XII. DOCUMENTS

Filing.—All documents required to be filed in any proceeding, whether pending before a trial examiner or before the Commission, shall be filed with the Secretary of the Commission.

Title.—Documents shall clearly show the docket number and title of the proceeding.

Copies.—Documents, other than correspondence, shall be filed in triplicate, except as otherwise specifically required by these rules.

Form.—Documents not printed shall be typewritten, on one side of paper only; letter size, eight (8) inches by ten and one-half (10½) inches; left margin, one and one-half (1½) inches; right margin, one (1) inch.

Documents may be printed, in ten (10) or twelve (12) point type, on good, unglazed paper, of the dimensions, and with the margins above specified.

Documents shall be bound at left side only.

The originals of all answers, briefs, motions, and other documents shall be signed in ink, by the respondent or his duly authorized attorney. Where the respondent is an individual or a partnership, the originals of said documents shall be signed by said individual or by one of the partners, or by his or its attorney. Where the respondent is a corporation, the originals of said documents shall be signed under the corporate name by a duly authorized official of such corporation, or by its attorney. Where the respondent is an association, the originals of said documents shall be signed under the association name for said association by a duly authorized official of such association, or by its attorney.

One copy of a brief or other document required to be printed shall be signed as the original.

RULE XIII. ADMISSION AS TO FACTS AND DOCUMENTS

At any time after answer has been filed counsel or parties in any controversy may serve upon the opposing side a written request for the admission of the genuineness and authenticity of any relevant documents described in and exhibited with the request or the admission of the truth of any relevant matters of fact set forth in such documents.

Copies of the documents shall be delivered with the request unless copies have already been furnished. Each of the matters on which an admission is so requested shall be deemed admitted unless, within a period designated within the request, not less than ten days after service thereof or within such further time as the Commission or the trial examiner may allow on motion and notice, the party so served serves upon the party making the request, a sworn statement either denying specifically the matters of which an admission is requested, or setting forth in detail the reasons why he can neither truthfully admit nor deny those matters. Service required hereunder may be made upon a respondent either by registering and mailing or by delivering a copy of the documents to be served to the respondent or his attorneys, or by leaving a copy at the principal office or place of business of either. Service upon the attorney supporting the complaint may be either by registering and mailing or by delivering a copy of the documents to be served to such attorney.

RULE XIV. TRIAL EXAMINERS

All hearings pursuant to formal complaints shall be presided over by the Commission, a member of the commission, or by a trial examiner appointed by the Commission and duly qualified as an examiner or hearing officer within the meaning of the Administrative Procedure Act. So far as practicable trial examiners shall be assigned to cases in rotation.

Subject to the published rules of the Commission and within its authority, officers presiding at hearings shall have the following powers and duties in all cases to which they are assigned by the Commission, to wit:

- (1) To administer oaths and affirmations.
- (2) To issue subpoenas authorized by law.
- (3) To rule upon offers of proof and receive relevant evidence.
- (4) To take or cause depositions to be taken whenever the ends of justice would be served thereby.
- (5) To regulate the course of the hearings.
- (6) To hold conferences for the settlement or simplification of the issues by consent of the parties.
- (7) To impose of procedural requests or similar matters.
- (8) To make and file an initial decision as provided by Rule XII.
- (9) To certify questions to the Commission for its determination.
- (10) To take any other action authorized by Commission rule consistent with the Administrative Procedure Act.

Trial examiners shall perform no duties inconsistent with their duties and responsibilities as such. Save to the extent required for the disposition of e parse matters as authorized by law, no trial examiner shall consult any person or party as to any fact in issue unless upon notice and opportunity for all parties to participate.

Trial examiners shall not be responsible to, or subject to the supervision or direction of, any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for the Commission.

The trial examiner is charged with the duty of conducting a fair and impartial hearing and of maintaining order in form and manner consistent with the dignity of the Commission. In the event that counsel in any proceeding shall refuse to obey the orders of the trial examiner, or be guilty of disorderly or contemptuous language or conduct in connection with any hearing, the trial examiner may, for good reasons stated in the record, suspend or bar such offending attorney from further participation in that case. Any attorney so suspended or barred shall have the right to appeal to the Commission. On such appeal, the Commission will review the action of the trial examiner and take such action as it deems warranted by the circumstances, including the issuance of an order to offending counsel to show cause why he should not be suspended or disbarred pursuant to Rule VII.

RULE XV. HEARINGS IN ADVERSARY PROCEEDINGS

All hearings pursuant to formal complaint shall be public unless otherwise ordered by the Commission, and such hearings shall be subject to the following conditions and requirements:

(a) Every party respondent shall have the right of due notice, cross examination, presentation of evidence, objection, exception, motion, argument, appeal and all other fundamental rights. Whenever a witness, on examination by the party calling him, is an adverse party, or is an officer, agent or employee of an adverse party, or appears to be hostile, unwilling, or evasive, such witness may be interrogated by leading questions, and may be contradicted in all respects as if he had been called by the adverse party. The witness thus called may be contradicted and impeached by or on behalf of the adverse party and may be cross-examined by the adverse party only upon the subject matter of his examination by the party who called him.

(b) The taking of evidence and subsequent proceedings shall proceed with all reasonable diligence and with the least practicable delay.

(c) Not less than five (6) days notice of the time and place of any indefinitely postponed hearing shall be given to counsel of record or to parties, but in appointing such hearings due regard shall be had for the convenience and necessity of all parties or their representatives.

(d) The trial examiner may withdraw from a case when he deems himself disqualified, or he may be withdrawn by the Commission after timely affidavits alleging personal bias or other disqualifications have been filed and the matter has been heard by the Commission or by a trial examiner whom it has delegated to investigate and report.

(e) Hearings shall be stenographically reported by the official reporter of the Commission under supervision of the presiding trial examiner. A transcript of said report shall be a part of the record and the sole official transcript of the proceeding. Transcripts will be supplied to respondents and to the public by the official reporter at rates not to exceed the maximum rates fixed by contract between the Commission and the reporter.

(f) Changes in the official transcript may be made only when they involve errors affecting substance and then only in the manner herein provided. No physical changes shall be made in or upon the official record or copies thereof in the custody of the Commission. Lists of changes agreed to in writing by opposing counsel may be incorporated into the record, if and when approved by the trial examiner, at the close of evidence in support of the complaint, or at the final hearing before the trial examiner, or at any time thereafter before he files his decision, and at no other times. If any changes are ordered by the

trial examiner without such written agreement between opposing counsel they shall be subject to objection and exception.

RULE XVI. SUBPOENAS

Subpoenas requiring the attendance of witnesses or the production of documentary evidence from any place in the United States, at any designated place of hearing, may be issued by the presiding trial examiner or a member of the Commission. Application therefor may be made either to the presiding trial examiner or to the Commission.

Application for subpoenas for the production of documentary evidence shall be made in writing to the presiding trial examiner or to the Commission. The application must have reasonable scope and specify as exactly as possible the documents desired, and show their general relevancy. The application shall be verified by oath or affirmation.

An appeal may be taken to the Commission by the parties from the presiding trial examiner's denial of a motion to quash or refusal to issue a subpoena for the production of documentary evidence.

RULE XVII. WITNESSES AND FEES

Witnesses at formal hearings shall be examined orally. Witnesses summoned in support of the complaint shall be paid the same fees and mileage as are paid witnesses in the courts of the United States.

Witnesses whose depositions are taken, and the persons taking such depositions, shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

Witness fees and mileage, and fees for depositions, shall be paid by the party at whose instance witnesses appear.

RULE XVIII. EVIDENCE

In general.—Counsel supporting the complaint shall have the general burden of proof and the proponent of any factual proposition shall be required to sustain the burden of proof with reference thereto. The trial examiner, subject to appeal to the Commission as provided in Rule XX, shall admit relevant, material and competent evidence, but shall exclude irrelevant, immaterial and unduly repetitious evidence.

Documentary.—Where relevant and material matter offered in evidence is embraced in a document containing other matter not material or relevant and not intended to be put in evidence, such immaterial or irrelevant parts shall be excluded, and shall be segregated insofar as practicable.

Official notice of facts.—There any decision of the trial examiner or any decision of the Commission, or part thereof, rests upon the taking of official notice of a material fact not appearing in the evidence in the record, any party shall, upon timely motion, be afforded an opportunity to show the contrary.

Objections.—Objections to evidence shall be in short form, stating the grounds relied upon, and the transcript shall not include argument or debate thereon except as ordered by the presiding officer. Rulings on such objections shall appear in the record.

RULE XIX. DEPOSITIONS

For good and exceptional cause the testimony of any witness may be taken in any case whether at issue

or not, by deposition de bene esse or, prior to the

pendency of a case, according to the common usage in Chancery. Depositions may be taken orally or upon interrogatories before any person having power to administer oaths and who has been duly designated by the Commission or the presiding trial examiner.

Unless notice be waived, no deposition shall be taken except after at least five (5) days written notice to the parties within the United States, and fifteen (15) days notice when deposition is to be taken elsewhere.

Any party desiring to take the deposition of a witness shall make application in writing to the presiding trial examiner, setting out the reasons why such deposition should be taken, the character of the deposition, the time when, the place where, and the name and Post Office address of the person before whom such deposition is to be taken, the name and Post Office address of each witness, and the subject matter concerning which the witness is expected to testify. If good and exceptional cause be shown, an order containing such instruction will be made and served upon the parties.

In any formal matter not pending before a trial examiner, and in all proceedings not pursuant to formal complaint, application for the taking of a deposition shall be made to the Commission.

Upon application granted, such deposition may be taken before a person having power to administer oaths other than the person designated in the notice, provided reasonable written notice of such change is given the opposing party. Each witness so testifying shall be duly sworn and the adverse party shall have the right to cross examine such witnesses. The questions propounded to the witnesses and the answers thereto shall be reduced to writing, and, in the presence of the officer taking the deposition, read to the witness and subscribed by the witness and certified in usual form by said officer. Thereafter the said officer shall forward said deposition with three copies thereof, in an envelope under seal, endorsed with the title of the case, and addressed to the Commission at its office in Washington, D.C. If in a pending case, such sealed deposition shall immediately be forwarded to the presiding trial examiner and at a time of hearing read in evidence subject to such objections to the questions and answers as were noted at the time of taking the deposition or as would be valid were the witness personally present at such hearing.

RULE XX. INTERLOCUTORY APPEALS TO THE COMMISSION FROM RULINGS OF TRIAL EXAMINERS

Except as provided for in Rules XIV and XVI, parties shall not have the right to prosecute interlocutory appeals from rulings of a trial examiner during the time the proceeding is pending before him unless it be shown to the Commission that the prompt decision of such appeal is necessary to prevent unusual delay and expense.

RULE XXI. PROPOSED FINDINGS AND CONCLUSIONS BEFORE TRIAL EXAMINER

At the close of the reception of evidence before the trial examiner in all formal proceedings, or within a reasonable time thereafter to be fixed by the trial examiner, parties may file for consideration by the trial examiner their proposed findings and conclusions, together with their reasons therefor. Such proposals shall be in writing and shall contain exact references to the record and authorities relied on. Sufficient copies thereof shall be filed, pursuant to Rule XII, to provide one (1) copy for each party concerned and three (3) copies additional.

Upon request by either party, oral argument may be allowed by the trial examiner. The record shall show his ruling on each proposed finding and conclusion.

RULE XXII. TRIAL EXAMINER'S INITIAL DECISION IN ADVERSARY PROCEEDINGS

Within thirty (30) days from the date of the order closing the case before the trial examiner, he shall make and file an initial decision which shall become the decision of the Commission thirty (30) days from service thereof upon the parties unless prior thereto (1) an appeal is filed under the provisions of Rule XXIII, (2) the Commission by order stays the effective date of the decision, or (3) the Commission, upon its own initiative, issues an order placing the case on its own docket for review. On appeal or review the Commission may exercise all the powers which it would have exercised if it had made the initial decision.

The initial decision shall include a statement of (1) findings and conclusions, with the reasons or bases therefor, upon all the material issues of fact, law, or discretion presented on the record; and (2) an appropriate order.

Except where he shall have become unavailable to the Commission, the initial decision in each proceeding shall be made and filed by the trial examiner who presided therein.

No officer, employee, or agent, engaged in the performance of investigative or prosecuting functions for the Commission, and no party respondent or his agent or counsel in any case shall, in that or a factually related case, participate or advise in the decision of the trial examiner, except as a witness or as counsel in public proceedings.

All findings, conclusions and orders made and issued by the trial examiner shall be based upon the whole record and support by reliable, probative, and substantial evidence.

At any time prior to the filing of his initial decision the trial examiner may, for good cause shown, reopen the case for the reception of further evidence.

A copy of the trial examiner's initial decision shall be served upon each party, counsel, or other representative who has appeared pursuant to Rule VII.

RULE XXIII. APPEAL FROM INITIAL DECISION

A. Time for filing notice of intention to appeal.—A notice of Intention to appeal may be filed by any party within ten (10) days after service upon him of the initial decision.

B. Who may appeal.—Any party may file an appeal who shall have filed a notice of intention to appeal in accordance with paragraph A, above.

C. Content of appeal brief.—An appeal shall be presented in the form of a brief, designated appeal brief, and shall contain, in the order here indicated, the following:

(1) A subject index of the matters presented, with page references, and a table of the cases (alphabetically arranged), textbooks and statutes cited, and reference to the pages where they are cited;

(2) A concise abstract or statement of the case;

(3) Exceptions to specific findings and conclusions of fact, or parts thereof, or conclusions of law in the initial decision; exceptions to the failure of the initial decision to include other findings or conclusions of fact, law or discretion; excep-

tions to any prejudicial error in procedure, including conduct or ruling of the trial examiner; or exceptions to the substance or form of the order or part thereof; together with proposed findings of fact, conclusions of fact or of law, and an order, or parts thereof, in lieu of those to which exception is taken, with specific page references to the parts of the record or the authority relied upon;

(4) Argument exhibiting clearly points of fact and of law relied upon in support of each exception taken, together with specific page references to the parts of the record cited and the legal or other authorities relied upon.

D. Limit of appeal.—No matter not included in the appeal brief may thereafter be presented to the Commission, in oral argument or otherwise.

E. Content of opposing brief.—The brief of a party opposing an appeal, designated opposing brief, shall contain only facts, reasons and arguments in opposition to exceptions taken in the appeal brief, except as may be deemed necessary to correct any inaccuracy or omission in the appeal brief.

F. Time for filing.—An appeal brief shall be filed within thirty (30) days from date of service of the initial decision. An opposing brief shall be filed within twenty (20) days after service of the appeal brief. No further brief shall be filed except by special leave granted.

G. Number.—Twenty (20) copies of the notice of intention to appeal and of all briefs shall be filled.

H. Form.—All briefs shall be printed, multigraphed, or otherwise neatly processed on good unglazed white paper in type not smaller than ten (10) point double leaded, citations and quotations single leaded; footnotes not less than eight (8) point single leaded. Type page shall not be more than twenty-nine (29) picas wide by approximately forty-eight (48) picas deep and trimmed page shall be seven (7) inches by ten (10) inches, with an inside margin of not less than one (1) inch.

I. Length.—Unless leave be granted, no brief shall exceed seventy-five (75) printed pages.

J. Signing.—At least one copy of the notice of intention to appeal and of each brief shall be signed in ink by the submitting party.

RULE XXIV. ORAL ARGUMENTS

Oral arguments before the Commission shall be had as ordered, on written application of the Director, Bureau of Litigation of this Commission, or of the respondent, or of attorney for respondent, filed at the time of filing brief.

Oral arguments before the Commission shall be reported stenographically unless otherwise ordered by the Commission.

RULE XXV. COMMISSION'S ADJUDICATION

Upon appeal of a case to the Commission from the initial decision, the Commission will consider such parts of the record as are cited therein, or which may be necessary to resolve the issues presented, and in addition will, to the extent necessity or desirable, exercise all the powers which it would have exercised if it had made the initial decision. The Commission will thereafter rule upon each exception taken to the initial decision and render its decision, incorporating therein (a) that part of the initial decision which is affirmed;

² Under the reorganization announced by the Commission on May 15, 1950, and effective June 1, 1950, such an application would be in order by the Director of the Bureau of Antimonopoly or the Director of the Bureau of Antideceptive Practices, as the case might be.

(b) any additional findings as to facts, law, or discretion; and (c) such an order as it may deem just and appropriate.

No officer, employee or agent, engaged in the performance of investigative or prosecuting functions for the Commission, and no party respondent or his agent or counsel in any case shall, in that or a factually related case, participate or advise in the decision of the Commission, except as a witness or as counsel in public proceedings.

RULE XXVI. REPORTS SHOWING COMPLIANCE WITH ORDERS AND WITH STIPULATIONS

In every case in which the Commission shall have issued an order to cease and desist, and in every instance in which the Commission approves and accepts a stipulation wherein a party agrees to cease and desist from the unlawful method, acts, or practices involved, the respondent or respondents named in such order and the party or parties so stipulating shall file with the Commission within sixty (60) days after service of such order, or within sixty (60) days after notice of approval of such stipulation, a report, in writing, setting forth in detail the manner and form in which they have complied with said order or with said stipulation: Provided, however, That if within the said sixty (60) day period respondent shall file petition for review in a circuit court of appeals, the time for filing report of compliance will begin to run de novo from the final judicial determination; and provided further that where the order prevents the use of a false advertisement of a food, drug, device, or cosmetic, which may be injurious to health because of results from such use under the conditions prescribed in the advertisement, or under such conditions as are customary or usual, or if the use of such advertisement is with intent to defraud or mislead, an interim report stating whether and how respondents intend to comply shall be filed within ten (10) days.

Within its discretion, the Commission may require any respondent upon whom such order has been served, and any party entering into such stipulation, to file with the Commission, from time to time thereafter, further reports in writing, setting forth in detail the manner and form in which they are complying with said order or stipulation.

Reports of compliance shall be signed in ink by respondents or by the parties stipulating.

RULE XXVII. REOPENING OF PROCEEDINGS

In any case where an order to cease and desist has been issued by the Commission it may, upon notice to the parties, modify or set aside, in whole or in part, its report of findings as to the facts or order in such manner as it may deem proper at any time prior to expiration of the time allowed for filing a petition for review or prior to the filing of the transcript of record in the proceeding in a Circuit Court of Appeals of the United States pursuant to a petition for review or for enforcement of such order.

In any case where an order to cease and desist issued by the Commission has become final by reason of court affirmance or expiration of the statutory period for court review without a petition for such review having been filed, the Commission may at any time after reasonable notice and opportunity for hearing as to whether changed conditions of fact or of law or the public interest so require, reopen and alter, modify or set aside in whole or in part its report of findings as to the facts or order therein whenever in the opinion of the

Commission, after such hearing, such action is required by said changed, conditions or by the public interest.

In any case where an order dismissing a formal complaint of the Commission has been entered the Commission may, upon reasonable notice to the parties and opportunity for a hearings to whether said proceeding should be reopened, issue an order reopening the same whenever, in the opinion of the Commission, changed conditions of fact or of law or the public interest so require.

RULE XXVIII. TRADE PRACTICE CONFERENCE PROCEDURE

(a) Purpose.—The trade practice conference procedure has for its purpose the establishment, by the Commission, of trade practice rules in the interest of industry and the purchasing public. This procedure affords opportunity for voluntary participation by industry groups or other interested parties in the formulation of rules to provide for elimination or prevention of unfair methods of competition, unfair or deceptive acts or practices and other illegal trade practices. They may also include provisions to foster and promote fair competitive conditions and to establish standards of ethical business practices in harmony with public policy. No provision or rule, however, may be approved by the Commission which sanctions a practice contrary to law or which may aid or abet a practice contrary to law.

(b) When authorized.—Trade practice conference proceedings may be authorized by the Commission upon its own motion or upon application therefor whenever such proceedings appear to the Commission to be in the interest of the public. In authorizing proceedings, the Commission may consider whether such proceedings appear to have possibilities (1) of constructively advancing the best interests of industry on sound competitive principles in consonance with public policy, or (2) of bringing about more adequate or equitable observance of laws under which the Commission has jurisdiction, or (3), of otherwise protecting or advancing the public interest.

(c) Application.—Application for a trade practice conference may be filed with the Commission by any interested person, party, or group. Such application shall be in writing and be signed by the applicant or the duly authorized representative of the applicant or group desiring such conference. The following information, to the extent known to the applicant, shall be furnished with such application or in a supplement thereto:

- (1) A brief description of the industry, trade, or subject to be treated.
- (2) The kind and character of the products involved.
- (3) The size or extent and the divisions of the industry or trade groups concerned.
- (4) The estimated total annual volume of production or sales of the commodities involved.
- (5) List of membership of the industry or trade groups concerned in the matter.

(6) A brief statement of the acts, practices, methods of competition or other trade practices desired to be considered, or drafts of suggested trade practice rules.

(d) Informal discussions with members of the Commission's staff—Any interested person or group may, upon request, be granted opportunity to confer In respect to any proposed trade practice conference with the Commission's trade practice conference office, either prior or subsequent to the filing of any such application. They may also submit any pertinent data or information which they desire to have considered. Such submission shall be made during

such period of time as the Commission or its duly authorized official may designate.

(e) Industry conferences.—Public notice of the time and place of any such authorized conference shall be issued by the Commission. A member of the Commission or of its staff: shall have charge of the conference and shall conduct the conference pursuant to direction of the Commission and in such manner as will facilitate the proceeding and afford appropriate consideration of matters properly coming before the conference. A transcript of the conference proceedings shall be made, which, together with all rules, resolutions, modifications, amendments or other matters offered, shall be filed in the office of the Commission and submitted for its consideration.

(f) Public hearing on proposed rules.—Before final approval by the Commission of rules for an industry, and upon public notice, further opportunity shall be afforded by the Commission to all interested persons, corporations or other organizations, including consumers, to submit in writing relevant suggestions or objections and to appear and be heard at a designated time and place.

(g) Promulgation of rules.—When trade practice rules shall have been finally approved and received by the Commission, they shall be promulgated by official order of the Commission and published, pursuant to law, in the Federal Register. Said rules shall become operative thirty (30) days from date of promulgation or at such other time as may be specified by the Commission. Copies of the final rules shall be made available at the office of the Commission. Under the procedure of the Commission a copy of the trade practice rules as promulgated by the Commission is sent to each member of the industry whose name and address is available, together with an acceptance form providing opportunity to such member to signify his intention to observe the rules in the conduct of his business.

(h) Violations.—Complaints as to the use, by any person, corporation or other organization, of any act, practice or method inhibited by the rules may be made to the Commission by any person having information thereof. Such complaints, if warranted by the facts and the law, will receive the attention of the Commission in accordance with the law. In addition, the Commission may act upon its own motion in proceeding against the use of any act, practice or method contrary to law.

(i) Amendment of rules.—Trade Practice rules may be amended or rescinded by the Commission upon its own motion or upon application filed with it by any interested person, party, or group. Such application shall be in writing, signed by the applicant or his duly authorized representative, and shall set forth the reasons for the requested action.

RULE XXIX. PUBLIC INFORMATION

The Rules of Practice of the Commission, and such amendments as may be made thereto, shall be published in the Federal Register and may be obtained from the Commission upon application.

The findings, conclusions of law, and final orders of the Commission in respective formal proceedings and a digest; of accepted stipulations to desist from unlawful practices shall be published in the official reports of the Commission.

Trade Practice Conference Rules for respective industries, issued under Rule XXVIII hereto, may be obtained upon application to the Commission and shall be published in the Federal Register.

Information concerning the activities of the Commission will be released from time to time under the direction or pursuant to the authority of the Commission.

In proceedings instituted by the issuance of formal complaint, the pleadings, transcript of testimony, exhibits, and all documents received in evidence or made a part of the record therein shall be available for inspection and copying by the public at the convenience of the Commission.

Documents, records, and reports made public by the Commission, including stipulations to cease and desist, certain trade practice conference records, and certain papers filed under the Wool Products Labeling Act, shall be available for inspection and copying at the convenience of the Commission.

The records and files of the Commission, and all documents, memoranda, correspondence, exhibits, and information of whatever nature, other than the documentary matters above described, coming into the possession or within the knowledge of the Commissioner any of its officers or employees in the discharge of their official duties, are confidential, and none of such material or information may be disclosed, divulged, or produced for inspection or copying except under the following circumstances:

Upon good cause shown, the Commission may by order direct that certain records, files, papers, or information be disclosed to a particular applicant.

(a) Application by a member of the public for such disclosure shall be in writing, under oath, setting forth (1) the interest of the applicant in the subject matter; (2) a description of the specific information, files, documents, or other material inspection of which is requested; (3) whether copies are desired; and (4) the purpose for which the information or material, or copies, will be used in the application is granted. Upon receipt of such an application the Commission will take action thereon, having due regard to statutory restrictions, its rules of practice, and the public interest.

(b) In the event that confidential material is desired for inspection, copying, or use by some agency of the Federal or a State Government, a request therefore may be made by the administrative head of such agency. Such request shall be in writing, and shall describe the information or material desired, its relevancy to the work and function of such agency and, if the production of documents or records of the taking of copies thereof is asked, the use which is intended to be made of them. The Commission will consider and act upon such requests, having due regard to statutory restrictions, its rules of practice, and the public interest.

In cases in which an officer or employee of the Commission has been lawfully served with a subpoena duces tecum, material designated herein as confidential shall be produced only when and as authorized by the Commission. Service of such subpoena shall immediately be reported to the Commission with a statement of all relevant facts. The Commission will thereupon enter such order or give such instructions as it shall deem advisable in the premisses. If the officer or employee so served has not received instructions from the Commission prior to the return date of subpoena, he shall appear in response thereto and respectfully decline to produce the documents or records subpoenaed (pointing out that he is not permitted to do so under this rule), and request a continuance pending action by or instructions from the Commission. If, notwithstanding, the court or other body orders the production of any of the material subpoenaed, the officer or employee shall immediately report the facts to the Commission.

RULE XXX. PROCEDURE FOR ESTABLISHING QUALITY LIMITS

A. How Initiated

Proceedings for the establishment of a quantity limit rule are initiated by resolution of the Commission either upon its own motion or pursuant to petition therefor.

B. Petition for Establishment, Amendment or Repeal of a Quantity-Limit Rule

Any interested party may at any time file with the Commission, in writing, a request or petition for the establishment of a quantity-limit rule for any commodity or class of commodities, or for the revision or repeal of a previously established rule. Such petition shall state the petitioner's interest and such relevant facts, documented if possible, as may tend to show the need for the action requested.

C. Investigation

If the Commission believes that consideration should be given to the fixing or establishing of quantity limits for a particular commodity or class of commodities, it shall initiate an investigation thereof by appropriate resolution. Such investigation shall include the ascertainment of facts and information concerning the quantity differentials granted to purchasers in the distribution of the particular commodity or class of commodities, the number of available purchasers of given quantities, and facts and information pertinent to competitive conditions existing in the distribution thereof. The investigation shall be nonpublic and facts and information so obtained, such as the names of purchasers, the volume of their purchases, prices paid, conditions of sale and the details of competitive relations, shall not be published except in composite form so as not to reveal facts as to specific parties.

(1) Voluntary process.—Investigation shall be conducted by any authorized agent or agents of the Commission, who may, by interview, conference, correspondence or otherwise, request any person believed to have information or documents relevant to the inquiry to furnish such information orally or in writing, or to produce or permit the copying of such documents.

(2) Compulsory process.—In the conduct of such investigation, the Commission may invoke any or all of the compulsory processes authorized by law and every person in any manner required to respond to such process shall be given actual notice of the purpose of the investigation.

The compulsory process which may be involved shall include the following:

(a) The issuance of a subpoena directing the party named therein to appear before the officer designated therein and to testify to facts and matters under investigation or produce documents relating thereto, or both. Oral information obtained by this compulsory process shall be under oath and a stenographic record shall be made thereof;

(b) The issuance of a notice to a corporation, to produce for examination and copying documents relating to any matter under investigation;

(c) The issuance of an order requiring a corporation to file a special report or answers in response to specific questions.

(3) Rights of witnesses under compulsory process.—(a) Any person required to attend and testify or submit documents or other data shall be entitled to retain or, on payment of lawfully prescribed cost, procure a copy of any document produced by such person and a copy of the transcript of his own testimony;

(b) Any person compelled to appear at an investigation may be accompanied and advised by counsel or other qualified representative or by both, but such counsel or qualified representative may not, as a matter of right, otherwise participate in the investigation.

1. Hearing on Proposed Quantity-Limit Rule

(1) Formulation of proposed rule.—When, after due consideration of the facts and information so obtained, it shall appear to the Commission that available purchasers in greater quantities are so few as to render differentials on account thereof unjustly discriminatory or promotive of monopoly in any line of commerce, it shall formulate a proposed quantity-limit rule.

(2) Publication of proposed rule.—The proposed quantity-limit rule shall be published in the Federal Register and otherwise, to the extent practicable, made available to interested parties, and the notice thereof shall include the following:

(a) The rule, amended rule, or repeal proposed;

(b) statement of the purpose to be accomplished by the proposed rule, together with a reference to the authority under which the rule is proposed and the ultimate matters of fact in support thereof;

(c) A statement of the time within which any interested person may present to the Commission in writing, in accordance with paragraph (D) (3) (a) of this section, any data, views or argument concerning the proposed rule and within which time to present, if desired, a request for opportunity to be heard orally thereon.

(3) Method of presenting views, data and argument—(a) Written data.—Seven copies of such written views, data and argument shall be submitted to the Commission, and shall conform to the requirements of Rule XII of the Commission's rules of practice.

(b) Oral hearing.—Oral hearing may be granted within the discretion of the Commission

E. Promulgation of Quantity-Limit Rule.

After the consideration of the results of its investigation or investigations and of the data, views and arguments presented by interested parties, the Commission will, if it deems such action warranted, promulgate a quantity-limit rule. Such rule, which may be the proposed rule or a modification or revision thereof, shall fix and establish maximum quantities of the particular commodity or class of commodities upon which differentials on account of quantity may thereafter be granted. Such quantity-limit rule shall be published in the Federal Register, together with a reference to the authority or authorities therefor, a statement of its basis and purpose, and the effective date thereof, which shall be not less than thirty (30) days after the date of such publication.

F. Amendment or Repeal of Quantity-Limit Rule

The procedure for the amendment or repeal of a quantity-limit rule shall be the same as that for the establishment of a new quantity-limit rule.

G. Enforcement of Quantity-Limit Rule

Procedure in cases of violations of a quantity-limit rule shall be in accordance with the Commission's applicable rules of practice.

RULE XXXI. PETITIONS FOR THE ISSUANCE, AMENDMENT, OR
REPEAL OF RULES

Any interested person may petition for the issuance, amendment, or repeal of a rule. Such petitions shall specifically set forth the proposed rule, amendment, or repeal, together with a statement of the basis for and reasons supporting the proposal made, and seven copies of such petition shall be filed. After consideration of any such petition, the Commission will take such action with respect thereto as it deems appropriate and duly inform petitioner thereof.

When, pursuant to a petition therefor, or upon its own motion, the Commission proposes to issue a substantive rule or amend or repeal such a rule, notice thereof and further rule-making procedure will be in conformity with the provisions of Section of the Administrative Procedure Act.

This rule is not applicable to matters provided for under Rules XXVIII and XXX.

STATEMENT OF POLICY¹

STATUS OF APPLICANT OR COMPLAINANT

The so-called "applicant" or complaining party has never been regarded as a party in the strict sense. The Commission acts only in the public interest. It has always been and now is the rule not to publish or divulge the name of an applicant or complaining party, and such party has no legal status before the Commission except where allowed to intervene as provided by the statute

POLICY AS TO PRIVATE CONTROVERSIES

It is the policy of the Commission not to institute proceedings against alleged unfair methods of competition or unfair or deceptive acts or practices where the alleged violation of law is a private controversy redressable in the courts, except where said practices tend to affect the public. In cases where the alleged injury is one to a competitor only and is redressable in the courts by an action by the aggrieved competitor and the interest of the public is not involved, the proceeding will not be entertained.

SETTLEMENT OF CASES BY TRADE PRACTICE CONFERENCE AND STIPULATION AGREEMENTS

Upon the promulgation of trade practice conference rules for an industry, an examination will be made of all charges of law violations by members of that industry then pending before the Commission which have not reached the formal stage through the issuance of complaint. In those instances in which the pending charges are adequately covered by the trade practice conference rules, and which are not excluded by the exceptions hereinafter stated, the Commission will consider the advisability of closing the matters without prejudice to reopening whenever that action appears to be warranted. In such instances consideration will be given to whether or not a proposed respondent has subscribed to the trade practice conference rules for his industry, to whether or not there is adequate reason to believe that he is in fact complying with such rules and will continue to do so, and to whether or not the public interest or the applicable statute requires any further proceedings.

Upon the promulgation of trade practice conference rules for an industry, formal complaints which have not then been adjudicated and in which the charges are adequately covered by such rules, and which are not excluded by the exceptions hereinafter stated, may be brought directly before the Commission on motion to suspend without prejudice to the Commission's right to resume the proceeding. In considering such motions the Commission will be guided by factors similar to those outlined above with respect to informal matters.

¹ The statement of policy which follows, with the exception of "Cooperation With Other Agencies," is published as amended on August 19, 1947, and promulgated through the Federal Register for August 29, 1947.

For exception referred to see footnote on p. 130.

Whenever the Commission shall have reason to believe that any person has been or is using unfair methods of competition or unfair or deceptive acts or practices in commerce, and that the interest of the public will be served by so doing, it may, in instances which are not excluded by the exceptions hereinafter stated, withhold service of complaint and extend to the person opportunity to execute a stipulation satisfactory to the Commission, in which the person, after admitting the material facts, promises and agrees to cease and desist from and not to resume such unfair methods of competition or unfair or deceptive acts or practices. All such stipulations shall be matters of public record, and shall be admissible as evidence of prior use of the unfair methods of competition or unfair or deceptive acts or practices involved in any subsequent proceeding against such person before the Commission.

It is the policy of the Commission to utilize the trade practice conference and stipulation procedures to encourage widespread observance of the law by enlisting the cooperation of members of industries and informing them more fully of the requirements of the law, so that wherever consistently possible the Commission may avoid the need for adversary proceedings against persons who, through misunderstanding or carelessness, may violate the law unintentionally. But it is not the policy of the Commission to grant the privilege of settling cases through trade practice conference or stipulation agreements to persons who have violated the law where such violations involve intent to defraud or mislead; false advertisement of foods, drugs, devices or cosmetics which are inherently dangerous or where injury is probable; suppression or restraint of competition through conspiracy or monopolistic practices; or violations of the Clayton Act; nor will the privilege be granted where the Commission is of the opinion that such procedure will not be effective in preventing continued use of the unlawful methods, acts or practices. The Commission reserves the right in all cases to withhold the privilege of settlement by trade practice conference or stipulation agreements. When in connection with an industrywide investigation informal matters of whatever nature are docketed against individual members of that industry, from which the promulgation of trade practice conference rules ensues covering the questioned practices, and which are subscribed to and accepted by the affected members of the industry, the Commission will give careful consideration to whether or not the public interest requires further investigation of such informal matters.

Explanatory statement.—The Commission has long had a public statement of policy governing the settlement of informal cases by stipulation agreements. There has been no comparable generally published statement of policy with respect to trade practice conference agreements. Under its present program, the Commission may institute trade practice conferences on its own initiative. When it appears that questionable practices are so prevalent in an industry that they may be more effectively and expeditiously reached by trade practice conference than by individual proceedings, the Commission may utilize that procedure in dealing with the over-all problem. In those situations it is necessary, after the promulgation of trade practice conference rules, to determine what further action should be taken in pending informal cases relating to the same parties and practices, as well as to determine the extent to which pending formal matters may have been affected.

It is the desire of the Commission to inform the public on these matters, but to avoid commitments which may abrogate its statutory procedures or frustrate the effectiveness of its corrective processes. To this end the Commission has formulated a statement of policy concerning the scope and effect of its trade

practice conference procedure insofar as it may affect the settlement of pending matters before it, and it has reappraised its policy with respect to the settlement of cases by stipulation agreements.

For many years the Commission has sought to encourage voluntary compliance with the laws which it administers. It has utilized individual stipulation agreements and conferences with whole industries and has otherwise cooperated with businessmen to inform and guide them with respect to the scope and meaning of the laws within its Jurisdiction. cooperative procedure similar to trade practice conferences was first used by the Commission in about 1919; the Trade Practice Conference Division was established in 1926; and the present active list of trade practice conference rules covers about 160 industries.

It has long been the Commission's practice in certain instances where proper circumstances are present to dispose of pending matters upon acceptance by the affected parties of trade practice rules for their industry covering the charges in such matters. This practice, was specifically limited in 1936 when the Commission determined that whenever an application for trade practice conference is received from an industry, some or all of whose members are respondents in proceedings before the Commission involving alleged violations of the Clayton Act or combinations or conspiracies in restraint of trade in violation of the Federal Trade Commission Act, such proceedings will have to go forward without regard to the trade practice conference procedure.

The cooperative procedures, however, require a constant vigilance to avoid the dangers inherent in them. Their use should never be permitted as an easy escape for wilful violators of the laws administered by the Commission or as a means for avoiding or delaying the effectiveness of the Commission's corrective action. These considerations have governed the Commission's policy with respect to the settlement of pending matters by trade practice conference or stipulation agreements.

Trade practice conference rules have no force of law in themselves. Violations of those rules are not proceeded against directly. The Commission can proceed only on a charge of violation of the law upon which the rules are based. Their purpose is to express the requirements of the statutes and decisions in terms which may be understood by the members of particular industries and in language addressed to their problems and practices. An agreement by a member of an industry to abide by the rules is an expression of intention to abide by the basic law.

It is manifestly difficult to draft a statement of policy on a broad basis which does not afford an evasive device to the wilful violator while seeking to avoid unduly harsh treatment of the unintentional or casual violator. Any statement of policy must, therefore, depend for its effectiveness upon the consistent and sound judgment of the Commission in applying it in individual instances. But no statement of policy should be so broad as to constitute an invitation to reluctant or recalcitrant respondents to avail themselves of informal settlements for the purpose of delaying or defeating effective action. It should invite only those who desire in good faith to correct unlawful practices on a cooperative and voluntary basis. The object of the Commission is to correct—not to punish. But there must be a reasonable assurance that any cooperative procedure will be effective and provide full freedom to institute such further proceedings as are or may become necessary in the public interest.

Conspiracies and monopolistic practices are, with few exceptions, deliberately engaged in for the purpose of restraining competition and ordinarily with knowledge of their illegality. Since good faith is ordinarily lacking in such violations,

it cannot be expected to be present in agreements by the conspirators to discontinue and not; resume the violations. Violations of this type are frequently also criminal violations of the Sherman Act, and the settlement of such violations by informal agreement may impair the rights of private litigants or compromise the enforcement of that act by the Department of Justice. When conspirators are discovered, or when they are on the verge of being discovered, they would doubtless be glad to make use of the Commission's trade practice conference or stipulation procedure as a protection against the more rigorous procedure provided by the antitrust laws.

Trade practice conference rules may include rules against restraints of trade and against violations of the Clayton Act. Insofar as such rules may be informative to and followed by members of the affected industries, they have a substantial value. They should not be accepted, however, as a basis for the settlement of cases in which the Commission has reason to believe that such violations have occurred.

COOPERATION WITH OTHER AGENCIES²

In the exercise of its jurisdiction with respect to practices and commodities concerning which other Federal agencies also have functions, it is the established policy of the Commission to cooperate with such agencies to avoid unnecessary overlapping or possible conflict of effort.

It is the policy of the Commission not to institute proceedings in matters such as the labeling or branding of commodities where the subject matter of the questioned portion of the labeling or branding used is, by specific legislation, made a direct responsibility of another Federal agency.

In proceedings involving false advertisements of food, drugs, cosmetics, and devices as defined in section 15 of the Federal Trade Commission Act, account is taken of the labeling requirements of the Food and Drug Administration in any corrective action applied to the advertising. In the case of advertisements of food, drugs, cosmetics, or devices which are false because of failure to reveal facts material with respect to the consequences which may result from the use of the commodity, it is the policy of the Commission to proceed only when the resulting dangers may be serious or the public health may be impaired, and in such cases to require that appropriate disclosure of the facts be made in the advertising.

² The statement is published as amended by the Commission on March 2, 1948, and promulgated through the Federal Register for March 9, 1948.

INVESTIGATIONS BY THE COMMISSION. 1915-50

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 below.

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

Accounting Systems.—See *Distribution Cost Accounting*.

Advertising as a Factor in Distribution.—See *Distribution Methods and Costs*.

Agricultural Implements.—See *Farm Implements and Distribution Methods and Costs*.

Agricultural Implements and Machinery (Congress).³—Prices of farm products reached record lows in 1932 but prices of many farm implements, machines, and repair parts maintained high levels resulting in widespread complaints in the next few years. The Commission investigated the situation (Public Res. 130, 74th, 6/24/36) and, following submission of its report, *Agricultural Implement and Machinery Industry* (H. Doc. 702, 75th, 1,176 p., 6/6/38), the industry made substantial price reductions. The report criticized certain competitive practices on the part of the dominant companies which the companies later promised to remedy. It showed, among other things, that a few major companies had maintained a concentration of control which resulted in large part from their acquisition of the capital stock or assets of competitors prior to enactment of the Clayton Antitrust Act in 1914 and thereafter from their purchase of assets of competitors rather than capital stock.. (See also under *Farm Implements and Independent Harvester Co.*)

¹ The wartime cost-finding inquiries, 1917-1918 (p. 153), include approximately 370 separate investigations.

² Documents out of print (designated "o. p.") are available in depository libraries.

³ Inquiries desired by either House of Congress are now undertaken by the Commission as a result of concurrent resolutions of both Houses. For further explanation, see footnote on p. 97.

⁴ F. T. C. recommendations that section 7 of the Clayton Act be amended to declare unlawful the acquisition of corporate assets under the same conditions that acquisition of corporate stock has been unlawful since 1914, are discussed in *Chain Stores—Final Report on the Chain Store Investigation* (S. Doc. 4, 74th, 12/14/34), p. 96; *Summary Report on Conditions With Respect to the Sale and Distribution of Milk and Dairy Products* (H. Doc.

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

Agricultural Prices.—See Price Deflation.

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

Antifreeze Solutions, Manufacturers of (W. P. B.), Wartime, 1343-44.—War Production Board Order L-258 of 1/20/43 prohibited production of salt and petroleum-base antifreeze solutions. While production of these products had ceased, great quantities were reported to be still in the hands of producers and distributors. To enable W. P. B. to determine what further action should be taken to protect essential automotive equipment from these solutions, it requested the Commission to locate producers' inventories as of 1/20/43, and to identify all deliveries made from such inventories to distributors subsequent to that date.

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

Bakeries and Bread.—See under Food.

Beet Sugar.—See under Food—Sugar.

Building Materials.—See Distribution Methods and Costs.

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

Capital Equipment (W. P. B.), Wartime, 1942-43.—For the War Production Board, a survey was made in connection with Priorities Regulation No 12, as amended 10/3/42, of concerns named by it to determine whether orders had been improperly related to secure capital equipment or whether orders that had been related had been extended for the purpose of obtaining capital equipment in violation of priorities regulations.

94, 75th, 1/4/37), p. 38; Report of the F. T. C. on Agricultural, Income Inquiry, Part I (3/2/37), p. 26 ; Agricultural Implement and Machinery Industry (H. Doc. 702, 75th, 6/6/39), p. 1038; The Present Trend of Corporate Mergers (3/7/47); The Merger Movement: A Summary Report (1948); and F. T. C. Annual Reports: 1938, pp. 19 and 29; 1939, p.14; 1940, p.12; 1941, p.19; 1942, p. 9; 1943, p. 9; 1944, p. 7; 1945, p. 8; 1946, p. 12; 1947, p.12; and 1948, p.11.

⁵ See footnote 4, p.131.

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

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

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

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

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

Cigarette Shortage (F. T. C. and Senate Interstate Commerce Committee Chairman), Wartime, 1944-45.—In response to complaints from the public and a request from the Chairman of the Senate interstate Commerce Committee (letter dated 12/1/44), the Commission investigated the cigarette shortage and reported, among other things that the scarcity was directly traceable to the large volume of cigarettes moving to the armed forces and the Allies; that it was not attributable to violations of laws administered by the Commission; but that certain undesirable practices such as hoarding and tie-in sales had developed. (Report of the F. T. C. on the Cigarette Shortage 33 pages, processed, 2/13/45.)

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

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

⁷ See footnote 4, p. 131.

65th, 8 p., o. p., 5/19/17); Anthracite and Bituminous Coal Situation, summary (H. Doc. 193, 65th, 29 p., o. p., 6/19/17); and Anthracite and Bituminous Coal (S. Doc. 50, 65th, 420 p., o. p., 6/19/17)—pursuant to S. Res. 217, 64th 6/22/16; H. Res. 352, 64th, 8/18/16, and S. Res. 51, 65th, 5/1/17; Washington, D. C., Retail Coal Situation (5 p., release, processed, o. p., 8/11/17)—pursuant to F. T. C. motion; Investment and Profit in Soft-Coal Mining (two parts, 5/31/22 and 7/6/22, 218 p., o. p., S. Doc. 207, 65th)—pursuant to F. T. C. motion; and Report of the F. T. C. on Premium Prices of Anthracite (97 p., o. p., 7/6/25)—pursuant to F. T. C. motion.

Coal, Cost of Production (F. T. C.), Wartime, 1917-18.—President Wilson fixed coal prices by Executive order under the Lever Act (1917) on the basis of information furnished by the Commission. For use of the U. S. Fuel Administration in continuing price control, the Commission compiled monthly cost production reports, collecting cost records for 1917-18 for about 99 percent of the anthracite and 95 percent of the bituminous coal production (Cost Reports of the F. T. C.— Coal, 6/30/19, summarized for principal coal-producing States or regions: (1) Pennsylvania, bituminous, 103 p., o. p.; (2) Pennsylvania, anthracite, 145 p., o. p.; (3) Illinois, bituminous, 127 p.; (4) Alabama, Tennessee, and Kentucky, bituminous, 210 p.; (5) Ohio, Indiana, and Michigan, bituminous, 288 p, o. p.; (6) Maryland, West Virginia, and Virginia, bituminous, 286 p., o. p.; and (7) trans-Mississippi States, bituminous, 459 p., o. p.).

Coal, Current Monthly Reports (F. T. C.).—The Commission (December 1919) initiated a system of current monthly returns from the soft coal industry similar to those compiled during the World War, 1917-18 (Coal— Monthly Reports on Cost of Production, 4/20/20 to 10/30/20, Nos. 1 to 6, and two quarterly reports with revised costs, 8/25/20 and 12/6/20), processed, o. p.) . An injunction to prevent the calling for the monthly reports (denied about seven years later) led to their abandonment.

Combed Cotton Yarns.—See Textiles.

Commercial Bribery (F. T. C.).—Investigating the prevalence of bribery of customers' employees as a means of obtaining trade, the Commission published A Special Report on Commercial Bribery (H. Doc. 1107, 65th, 3 p., o. p., 5/15/18), recommending 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).

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

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.

Contractors, Prime, Forward Buying Practices of (W. P. B.), Wartime, 1942-43.—The matter of procurement, use, and inventory stocks of critical materials involved in the operation of major plants devoting their efforts to war production was inquired into for the information of the War Production Board.

Items

such as accounting, inventory, control, purchase, practices, etc., formed a part of the inquiry.

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 U. S.

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

Copper 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*. 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."

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

Corporation Reports.—See *Industrial 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., 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. (See also *Mergers*.)

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.).

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

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

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 refiners had fixed prices in violation of the antitrust laws (Cottonseed Industry, H. Doc. 193, 70th, 37 p., 3/5/28).

Cottonseed Industry (Senate).—Two resolutions (S. Res. 136, 10/21/29, and S. Res. 147, 11/2/29—71st) directed the Commission to determine whether alleged unlawful combinations of cottonseed oil mill corporations sought to lower and fix prices of cottonseed and to sell cottonseed meal at a fixed price under boycott threat; and whether such corporations acquired control of cotton gins to destroy competitive markets and depress or control prices paid to seed producers (Investigation of the Cottonseed Industry, preliminary report, S. Doc. 91, 71st, 4 p., o. p., 2/28/30, and final report, 207 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 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 Implements (3/2/44, 189 p., o. p.); Part V, Advertising as a Factor in Distribution (10/30/44, 50 p., o. p.); Part VI, Milk Distribution, Prices, Spreads and Profits (6/18/45, 58 p.); Part VII, Cost of Production and Distribution of Fish in the Great Lakes Area (6/30/45, 59 p.); Part VIII, Cost of Production and Distribution of Fish in New England (6/30/45, 118 p.); Part VIII, Cost of Production and Distribution of Fish on the Pacific Coast (7/25/46, 82 p.). The inquiries relating to fish were conducted in coopera-

tion 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 report, entitled *The Divergence between Plant and Company Concentration, 1947* (162 p.), is summarized beginning at p. 16. 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., processed, 2/1/29) discussed reported acquisition by E. I. du Pont de Nemours & Co. of U. S. Steel Corp stock, together with previously reported holdings in General Motors Corp.

Electric and Gas Utilities, and Electric Power.—See *Power*.

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

Electrical Household Appliances.—See *Distribution Methods and Costs*.

Farm Implements (Senate), Wartime, 1917-18.—The Report of the F. T. C. on the Causes of High Prices of Farm Implements (inquiry under S. Res. 223, 65th, 5/13/18; report, 713 p., o. p., 5/4/20) disclosed numerous trade combinations for advancing prices and declared the consent decree for dissolution of International Harvester Co. to be inadequate. The Commission recommended revision of the decree and the Department of Justice proceeded to that end.

Farm Implements (F. T. C.).—A 1948 report on the Manufacture and Distribution of Farm Implements (160 p., also 8 p. processed summary) concerns the production and distribution policies of large manufacturers of farm machinery. The report includes information respecting important developments and trends in the industry.

Feeds, Commercial (Senate).—Seeking to determine whether purported combinations in restraint of trade existed (S. Res. 140, 66th, 7/31/19), the Commission found that although some association activities were in restraint of trade, there were no substantial antitrust violations (Report of the F. T. C. on Commercial Feeds, 206 p., o. p., 3/29/21).

Fertilizer (Senate).—Begun by the Commissioner of Corporations⁸ (S. Res. 487, (32d, 3/1/13), this inquiry disclosed extensive use of bogus independent fertilizer companies for competitive purposes (Fertilizer Industry, S. Doc. 551, 64th, 269 p., o. p., 8/19/16). Agreements for abolition of such unfair competition were reached.

Fertilizer (Senate).—A second fertilizer inquiry (S. Res. 307, 67th, 6/17/22) developed that active competition generally prevailed in that industry in the U. S., although in some foreign countries combinations controlled certain important raw materials. The Commission recommended improved agricultural credits and more extended cooperation by farmers in buying fertilizer (Fertilizer Industry, S. Doc. 347, 67th, 87 p., o. p. 3/3/23).

⁸ The Commission was created September 26, 1914, upon passage of the Federal Trade Commission Act, sec. 3 of which provided that "all pending investigations and proceedings of the Bureau of Corporations (of the Department of Commerce) shall be continued by the Commission."

Fertilizer and Related Products (O. P. A.), Wartime, 1942-43.—At the request of O. P. A. (June 1942), the Commission investigated costs, prices, and profits in the fertilizer and related products industries. The inquiry developed information with reference to the operations of 12 phosphate rock mines of 11 companies, and 40 plants of 24 companies producing sulphuric acid, superphosphate, and mixed fertilizer. One of the principal requirements of the inquiry was to obtain information concerning costs, prices, and profits for 103 separate formulas of popular-selling fertilizers during 1941 and 1942.

Fertilizer (F. T. C.).—The Commission's 1949 report on *The Fertilizer Industry* (100 p.) is concerned primarily with restrictions and wastes which interfere with the supply of plant food materials in the quantities needed and at prices low enough to facilitate maintenance of soil fertility. The Nation's resources of nitrogen, phosphate, and potash are discussed, and the inter-relationships of producers and mixers are reviewed. The report also summarizes available information concerning cartel control of nitrogen, phosphates, and potash.

Fish.—See *Distribution Methods and Costs*.

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), Wartime, 1917-18.—President Wilson, as a wartime emergency measure (2/7/17), directed the Commission "to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs" and "to ascertain the facts bearing on alleged violations of the antitrust acts." Two major series of reports related to meat packing, and the grain trade with separate inquiries into flour milling, canned vegetables and fruits, canned salmon, and related matters, as listed below.

Food (President) Continued—Meat Packing.—Food Investigation-Report of the F. T. C. on the Meat-Packing Industry was published in six parts: I. Extent and growth of Power of the Five Packers in Meat and Other Industries (6/24/19, 574 p., o.p.); II. Evidence of Combination Among Packers (11/25/18, 294 p., o. P.); III. Methods of the Five Packers in Controlling the Meat-Packing Industry (6/28/19, 325 p., o. p.); IV. The Five Large Packers in Produce and Grocery Foods (6/30/19, 390 p., o. p.); V. Profits of the Packers (6/28/19, 110 p., o. p.); VI. Cost of Growing Beef Animals, Cost of Fattening Cattle, and Cost of Marketing Livestock (6/30/19, 183 p., o. p.); and summary (H. Doc. 1297, 65th, 51 p., o. p., 7/3/18).

The reports first led to antitrust proceedings against the Big Five Packers, resulting in a consent decree (Supreme Court of the D. C., 2/27/20),⁹ which had substantially the effect of Federal legislation in restricting their future operations to certain lines of activity. As a further result of the investigation, Congress enacted the Packers and Stockyards Act (1921), adopting the Commission's recommendation that the packers be divorced from control of the stockyards. (The meat-packing industry is further referred to under *Meat Packing Profit Limitation*, p. 141.)

Food (President) Continued—Grain Trade.—Covering the industry from country elevator to central market, the Report of the F. T. C. on the Grain Trade

⁹ The legal history of the consent decree and a summary of divergent economic interests involved in the question of packers participation in unrelated lines of food products were set forth by the Commission in *Packer Consent Decree* (S. Doc. 219, 68th, 44 p., o. p., 2/20/25), prepared pursuant to S. Res. 278, 68th, 12/8/24.

was published in seven parts: I. Country Grain Marketing (9/15/20, 350 p., o. p.); II. Terminal Grain Markets and Exchanges (9/15/20, 333 p., o. p.); III. Terminal Grain Marketing (12/21/21, 332 p., o. p.); IV> Middlemen's Profits and Margins (9/26/23, 215 p., o. p.); V. Future Trading Operations in Grain (9/15/20 347 p., o. p.); VI Prices of Grain and Grain Futures (9/10/24, 374 p., o. p.); and VII. Effects of Future Trading (6/25/26, 419 p., o. p.). The investigation as reported in vol. V, and testimony by members of the Commission's staff (U. S. Congress House Committee on Agriculture, Future Trading, hearings (67th, April 25-May 2, 1921) was an important factor in enactment of the Grain Futures Act (1921). (Further reference to the grain trade is made under Grain Elevators, Grain Exporters, and Grain Wheat Prices, pp. 140-141.)

Food (President) Continued—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 U. S., 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 (President) Continued Canned Foods,¹⁰ Private Car Lines, Wholesale Food Marketing.—Under the general title Food Investigation were published Report of the F. T. C. on Canned Foods—General Report and Canned Vegetable and Fruits (5/18/18, 103 p., o. p.); Report of the F. T. C. on Canned Foods—Canned Salmon (12/27/18, 83 p., o. p.); Report of the F. T. C. on Private Car Lines, regarding transportation of meats, fruits, and vegetables (6/27/19, 271 p., o. p.); and Report of the F. T. C. on Wholesale Marketing of Food (6/30/19, 268 p., o. p.), which recommended that a wholesale dealer in perishable food products should be required to procure a Federal license and that Federal inspection and standards should be provided. Provisions in accordance with these recommendations were incorporated in the Perishable Agricultural Commodities Act (1930) .

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

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

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

¹⁰ In connection with its wartime cost finding inquiries, 1917-18, p. 153 herein, the Commission published Report of the F. T. C. on Canned Foods 1918—Corn, Peas, String Beans, Tomatoes, and Salmon (86 p., 11/21/21).

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

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

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

Food—Fish.—See Distribution Methods and Costs.

Food—Flour Milling (Senate).—This study of costs, profits, and other factors (S. Res. 212, 67th, 1/18/22) was reported in Wheat Flour Milling Industry (S. Doc. 130, 68th, 130 p., o. p., 5/16/24).

Food—Flour Milling (O. E. S.), Wartime, 19443.—Requested by the Director of the Office of Economic Stabilization, this inquiry covered practices, costs, prices, and profits in the wheat flour-milling industry, its purpose being to provide the Director with facts to determine what economies could be effected in the industry so as to eliminate the need for a wheat subsidy, without reducing farmers' returns, or to reduce bread prices. The report was made to O. E. S. and a more detailed report was prepared for O. P. A.

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

Food—Grain Elevators (F. T. C.), Wartime, 1917-18.—It view of certain bills pending before Congress with reference to regulation of the grain trade, the

Commission, in a preliminary report, Profits of Country and Terminal Grain Elevators (S. Doc. 40, 67th, 12 p., o. p., 6/13/21) presented certain data collected during its inquiry into the grain trade ordered by the President.

Food—Grain Exporters (Senate).—The low prices of export wheat in 1921 gave rise to this inquiry (S. Res. 133, 67th, 12/22/21) concerning harmful speculative price manipulations on the grain exchanges and alleged conspiracies among country grain buyers to agree on maximum purchasing prices. The Commission recommended stricter supervision of exchanges and additional storage facilities for grain not controlled by grain dealers (Report of the F. T. C. on Methods and Operations of Grain Exporters, 2 vols., 387 p., o. p., 5/16/22 and 6/18/23).

Food—Grain, Wheat Prices (President).—An extraordinary decline of wheat prices was investigated (President Wilson's directive 10/12/20) and found to be due chiefly to abnormal market conditions (Report of the F. T. C. on Wheat Prices for the 1920 Crop, 91 p., o. p., 12/13/20).

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

Food—Meat Packing Profit Limitation (Senate), Wartime, 1917-18.—Following an inquiry (S. Res. 177, 66th, 9/3/19) involving wartime control of this business as established by the U S. Food Administration in 1917-18, the Commission recommended greater control and lower maximum profits (Maximum Profit Limitation on Meat Packing Industry, S. Doc. 110, 66th, 179 p., o. p., 9/25/19).

Food—Milk.—See Distribution Methods and Costs.

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 concentration of control and questionable practices many of which later were recognized by the industry as being unfair.

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

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

Food—Southern Livestock Prices (Senate).—Although the low prices of southern livestock in 1919 gave rise to a belief that discrimination was being practiced, a Commission investigation (S. Res. 133, 66th, 7/25/19) revealed the alleged discrimination did not appear to exist (Southern Livestock Prices, S. Doc. 209, 66th, 11 p., o. p., 2/2/20).

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

Food—Sugar, Beet (F. T. C.).—Initiated by the Commissioner of Corporations, but completed by the F. T. C., this inquiry dealt with the cost of growing beets and the cost of beet-sugar manufacture (Report on the Beet Sugar Industry in the U. S., H. Doc. 158, 65th, 164 p., o. p., 5/24/17).

Foreign Trade—Antidumping Legislation (F. T. C.).—To develop information for use of Congress in its consideration of amendments to the antidumping laws, the Commission studied recognized types of dumping and provisions for preventing the dumping of goods from foreign countries (Antidumping Legislation and Other Import Regulations in the United States and Foreign Countries, S. Doc. 112, 73d, 100 p., o. p., 1/11/34; supplemental report, 111 p., o. p., processed, 6/27/38).

Foreign Trade—Cooperation in American Export Trade (F. T. C.).—This inquiry related to competitive conditions affecting Americans in international trade. The Export Trade Act, also known as the Webb-Pomerene law, authorizing the association of U. S. manufacturers for export trade, was enacted as a result of Commission recommendations (Cooperation in American Report Trade, 2 vols., 984 p., o. p., 6/30/16; also summary, S. Doc. 426, 64th, 7 p., o. p., 5/2/16; and conclusions 1916. 14 p., o. p.).

Foreign Trade—Cotton Growing Corporation (Senate).—The report of an inquiry (S. Res. 317, 68th, 1/27/25) concerning the development of this British company, Empire Cotton Growing Corporation (S. Doc. 226, 68th, 30 p., o. p., 2/28/25), showed there was then little danger of serious competition with the American grower or of a possibility that the United States would lose its position as the largest producer of raw cotton.

Fruit Growers and Shippers (W. P. B.), Wartime, 1943-44.—This investigation was requested by the War Production Board to determine whether 7 grape growers and 12 grape shippers, all located in California, were in violation of W. P. B. Order L-232 with respect to quotas affecting the use of lugs (wooden shipping containers).

Furnaces, Hot Air, Household (W. P. B.), Wartime, 1943-44.—The Commission made a Nation-wide survey for the War Production Board of the operations of one of 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-79 and P-84, and other applicable regulations and orders of W. P. B.

¹¹ See footnote 8, p. 137.

Fuse Manufacturers (W. P. B.), Wartime, 1942-43.—For the War Production Board the Commission ins estimated and reported on the activities of representative fuse manufacturers whose operations were subject to W. P. B. Limitation Orders L-158 and L-161, as amended.

Gasoline.—See Petroleum.

Glycerin, Users of (W. P. B.), Wartime, 1942-43.—At the request of the War Production Board, paint and resin manufacturers, tobacco companies, and other large users of glycerin were investigated to determine whether they had improperly extended preference ratings to obtain formaldehyde, paraformaldehyde, or hexamethylenetetramine, to which they were not otherwise entitled.

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., 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 effective the type and scope of regulation over futures trading contemplated by the Congress in enacting the Commodity Exchange Act."

Guarantee Against Price Decline (F. T. C.).—Answers to a circular letter (12/26/19) calling for information and opinions on this subject were published in Digest of Replies in Response to an Inquiry of the F. T. C. Relative to the Practice of Giving Guarantee Against Price Decline (68 p., o. p., 5/27/20)

Housefurnishings (Senate).—This inquiry (S. Res. 127, 67th, 1/4/22) resulted in three volumes showing concerted efforts to effect uniformity of prices in some lines (Report of the F. T. C. on Housefurnishing Industries, 1018 p., o. p., 1/17/23, 10/1/23, and 10/6/24).

Household Furniture (O. P. A.), Wartime, 1941-42.—Costs, prices, and profits of 67 representative furniture companies were studied to determine whether, and to what extent, price increases were justified. A study was also made to determine whether price-fixing agreements existed and whether wholesale price increases resulted from understandings in restraint of trade. Confidential reports were transmitted to O. P. A. in Sept. 1941.

Independent Harvester Co. (Senate), Wartime, 1917-18.—After investigation (S Res. 212, (65th, 3/11/18) of the organization and methods of operation of the company which had been formed several years before to compete with the "harvester trust," but which had passed into receivership, the F. T. C. Report to the Senate on the Independent Harvester Co. (5 p., release, processed, o. p., 5/15/18) showed the company's failure was due to mismanagement and insufficient capital.

Industrial Financial Reports (F. T. C. and S. E. C.).—This (1947-50) series of reports is intended to meet the general needs of the Government and the public for current reliable corporation financial data. The reports show the aggregate estimates for American manufacturing corporations ns derived from reports collected by the Federal Trade Commission and the Securities and Ex-

change Commission. This work is based upon resumption by F. T. C. of its prewar financial reporting function and continuation by S. E. C. of its current responsibilities for collection of financial information from corporations with securities registered on a national exchange. F. T. C. obtains comparable information from a carefully selected sample of small, medium size and large nonregistered corporations. The sample has been designed so that the two sets of data can be combined to provide estimates for 21 major industry groups as well as the aggregate for all manufacturing corporations. The Industrial Financial Reports formerly were known as Industrial Corporation Reports. A summary appears at p. 30.

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

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, investment trusts, insurance companies, railroads, public utilities, and distributive enterprises. A summary appears at p. 19.

International Alkali Cartels (F. T. C.).—In a report (1950) on International Cartels in the Alkali Industry, the Commission discussed the nature, extent, and effect of international agreements concerning baking soda, soda ash, and caustic soda to which organized groups of American and European alkali producers were parties from 1924 until 1946. A summary appears at p. 27.

International Electrical Equipment Cartel (F. T. C.).—In its 1948 report on this subject (107 p., also 10 p. processed summary) the Commission points out the high degree of economic concentration in the electrical equipment industry which exists in each of the important industrial nations.

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

International Steel Cartels (F. T. C.).—A report to Congress concerning numerous cartel agreements relating to steel which were adopted between World War I and World War II. Certain American companies participated in these agreements, which were both national and international in scope. The international agreements allotted quotas to the different national groups, fixed prices in the export trade, and established reserved and unreserved areas. (International Steel Cartels (1948), 115 p., also 12 p. processed summary.)

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

Leather and Shoes (F. T. C. and House), Wartime, 1917-18.—General complaint regarding high prices of shoes led to this inquiry, which is reported in Hide and Leather Situation, preliminary report (H. Doc. 857, 65th, 5 p., o. p., 1/23/18), and Report on Leather and Shoe Industries (180 p., o. p., 8/21/19). A further study (H. Res. 217, 66th, 8/19/19) resulted in the Report of the F. T. C. on Shoe and Leather Costs and Prices (122 p., o. p., 6/10/21).

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

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

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

Meat-Packing Profit Limitations.—See Food.

Mergers (F. T. C.).—In its 1948 report entitled *The Merger Movement: A Summary Report* (134 p., also 7 p. processed summary) the legal history of the antimerger provisions of the Clayton Act is reviewed. The report calls attention to the loophole in the Clayton Act which permits corporations to purchase the assets rather than (or in addition to) the stock of competing firms, thereby evading the original intent of Congress "to arrest the creation of . . . monopolies in their incipiency." (See also *Corporate Mergers*.)

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

Milk.—See Food.

Millinery Distribution (President).—This inquiry, requested by President Roosevelt, embraced growth and development of syndicates operating units for retail millinery distribution, the units consisting of leased department; in department or specialty stores (Report to the President of the United States on Distribution Methods in the Millinery Industry, 65 p., processed, 11/21/39).

Motor Vehicles (Congress).—Investigating (Public Res. 87, 75th, 4/13/38) distribution and retail sales policies of motor vehicle manufacturers and dealers, the Commission found, among other things, a high degree of concentration and strong competition; that many local dealers' associations fixed prices and operated used-car valuation or appraisal bureaus essentially as combinations to restrict competition; that inequities existed in dealer agreements and in certain manufacturers' treatment of some dealers; and that some companies' car finance plans developed serious abuses (Motor Vehicle Industry, H. Doc. 468, 76th, 1077 p., 6/5/39). The leading companies voluntarily adopted a number of the Commission's recommendations as company policies.

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

Nickel Processors (W. P. B.), Wartime, 1942-43.—The Commission was designated by the War Production Board to investigate the transactions of some 600 nickel processors for the purpose of determining the extent to which they were complying with W. P. B. Preference Order No. M-6-a, issued 9/30/41, and Conservation Order M-6-b, issued 1/20/42. The investigation was conducted concurrently with a survey of chromium processors.

Open-Price Associations (Senate).—An investigation (S. Res., 28, 69th, 3/17/95) to ascertain the number and names of so-called open-price associations, their importance in industry and the extent to which members maintained uniform prices, was reported in Open-Price Trade Associations (S. Doc. 226, 70th, 516 p., 2/13/29).

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

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

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

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

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

print Paper Investigation (in response to S. Res. 96, 65th, 6/27/17; S. Doc. 61, 65th, 8 p., o. p., 7/10/17)].

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

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

Peanut Prices.—See Food.

Petroleum Products.—See Distribution Methods and Costs.

Petroleum and Petroleum Products, Prices (President and Congress).—At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: Investigation of the Price of Gasoline, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and Report on the Price of Gasoline in 1915 (H. Doc. 74, 65th, 224 p., o. p., 4/11/17—both pursuant to S. Res. 109, 63d, 6/18/13¹² and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; Advance in the Prices of Petroleum Products (H. Doc. 801, 66th, 57 p., o. p., 6/1/20)—pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; Letter of submittal and Summary of Report on Gasoline Prices in 1924 (24 p. processed, 6/4/24, and Cong. Record, 2/28/25, p. 5158)—pursuant to request of President Coolidge, 2/7/24; Petroleum Industry—Prices, Profits and Competitions (S. Doc. 61, 70th, 360 p., o. p., 12/12/27)—pursuant to S. Res. 31, 69th, 6/3/36; Importation of Foreign Gasoline at Detroit, Mich. (S. Doc. 206, 72d, 3 p., o. p., 2/27/33)—pursuant to S. Res. 274, 72d, 7/16/32; and Gasoline Prices (S. Doc. 178, 73d, 22 p., o. p., 5/10/34)—pursuant to S. Res. 166, 73d, 2/2/34.

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

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

Petroleum Pipe Lines (Senate).—Begun by the Bureau of Corporations, "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 Pipe-Line Transportation of Petroleum, 467 p., o. p., 2/28/16), some of which practices were later remedied by the Interstate Commerce Commission.

Petroleum—Regional Studies (Senate and F. T. C.).—Reports published were: Pacific Coast Petroleum Industry (two parts 4/7/21 and 11/28/21, 538 p.)—

¹² See footnote 8, p. 137.

¹³ See footnote 8, p. 137. Conditions in one of the midcontinent fields were discussed by the Bureau of Corporations in Conditions in the Healdton Oil Field (Oklahoma) (116 p., 3/15/15).

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 Panhandle Crude Petroleum (Texas) (19 p., o. p., 2/3/28)—pursuant to F. T. C. motion, 10/6/26 (in response to requests of producers of crude petroleum).

Potomac Electric Power Co. (Procurement Director, United States Treasury).—A study (2/29/44) of the financial history and operations of this corporation for the years 1896-1943 was made at the request of the Director of Procurement, United States Treasury, and the report thereon was introduced into the record in the corporation's electric rate case before the District of Columbia Public Utilities Commission.

Power—Electric (Senate).—This inquiry (S. Res. 329, 68th, 2/9/25) resulted in two reports, the first of which, Electric Power Industry—Control of Power Companies (S. Doc. 213, 69th, 272 p., o. p., 2/21/27) dealt with the organization, control, and ownership of commercial electric-power companies. It called attention to the dangerous degree to which pyramiding had been practiced in superimposing a series of holding companies over the underlying operating companies, and was influential in bringing about the more comprehensive inquiry described under Power—Utility Corps., below. Supply of Electrical Equipment and Competitive Conditions (S. Doc. 46, 70th, 282 p., o. p., 1/12/28) showed, among other things, the dominating position of General Electric Co. in the equipment field.

Power—Interstate Transmission (Senate).—Investigation (S. Res. 151, 71st, 11/8/29) was made of the quantity of electric energy transmitted across State lines and used for development of power or light, or both (Interstate Movement of Electric Energy, S. Doc. 238, 71st, 134 p., o. p., 12/20/30).

Power—Utility Corporations (Electric and Gas Utilities) (Senate).—This extensive inquiry (S. Res. 83, 70th, 2/15/28; Public Res. 46, 73d, 6/1/34; and F. T. C. Act, Sec. 6) embraced the financial set-up of electric and gas utility companies operating in interstate commerce and of their holding companies and other companies controlled by the holding companies. The inquiry also dealt with the utilities' efforts to influence public opinion with respect to municipal ownership of electric utilities. The Commission's reports and recommendations, focusing congressional attention upon certain unfair financial practices in connection with the organization of holding companies and the sale of securities, were among the influences which brought about enactment of such remedial legislation as the Securities Act (1933), the Public Utility Holding Company Act (1935), the Federal Power Act (1935), and the Natural Gas Act (1938).

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

Price Bases (F. T. C.).—More than 3,500 manufacturers representing practically every industrial segment furnished data for this study (F. T. C. motion, 7/27/27) of methods used for computing delivered prices on industrial products

¹⁴ Final reports were published in 1935; a general index in 1937. Some of the volumes are out of print. For report titles, see F. T. C. Annual Report, 1941, p. 221; and for lists of companies investigated, see F. T. C. Annual Reports, 1935, p. 21, and 1936, p. 36.

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

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

Priorities (W. P. B.), Wartime, 1941-45—Pursuant to Executive orders (January 1942), W. P. B. designated the Federal Trade Commission as an agency to conduct investigations of basic industries to determine the extent and degree in which they were complying with W. P. B. orders relative to the allocation of supply and priority of delivery of war materials. F. T. C. priorities investigations are listed herein under the headings: Aluminum, Foundries Using; Antifreeze Solutions, Manufacturers of; Capital Equipment, Chromium, Processors of; Commercial Cooking and Food and Plate Warming Equipment, Manufacturers of; Contractors, Prime, Forward Buying Practices of; Copper Base Alloy Ingot Makers; Copper, Primary Fabricators of; Costume Jewelry, Manufacturers of; Electric Lamps, manufacturers of; Fruit Growers and Shippers; Furnaces, Hot Air, Household; Fuse Manufacturers; Glycerin, Users of; Insignia Manufacturers; Jewel Bearings, Consumers of; Metal-working Machines, Invoicing and Distribution of; Nickel, Processors of; Paint, Varnish, and Lacquer, Manufacturers of; Quinine, Manufacturers and Wholesalers of; Silverware, Manufacturers of; Silverware Manufacturers and Silver Suppliers ; Steel Industry ; Textile Mills, Cotton; and Tin, Consumers of. The report on each of these investigations was made directly to W. P. B.

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

Quinine, Manufacturers and Wholesalers of (W. P. B.), Wartime, 1942-43.—At the instance of the War Production Board, investigation was made to determine whether requirements of its Conservation Order No. m-131-a, relating to quinine and other drugs extracted from cinchona bark, were being complied with.

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

Rags, Woolen.—See Textiles.

Raisin Combination.—See Food.

Range Boilers.—See Price Bases.

¹⁵ Basing-point systems are also discussed in the published reports listed under "Cement," "Steel Code," and "Steel Sheet Piling" herein.

Rates of Return in Selected Industries (F. T. C.).—A comparison of the prewar (World War II) and postwar rates of return on stockholders' investments after taxes for more than 500 identical manufacturing corporations. The study, covering the years 1940, 1947, 1948, and 1949, includes 25 selected manufacturing industries (16 p., processed).

Resale Price Maintenance (F. T. C.).—The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which purchasers should resell them, led to the first inquiry resulting in a report, Resale Price Maintenance (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., 6/30/19) and Resale Price Maintenance (F. T. C. motion, 7/25/27; reports, Part I, H. Doc. 546, 70th, 141 p., o. p., 1/30/29, and Part II, 215 p., 6/22/31). The Report of the F. T. C. on Resale Price Maintenance (F. T. C. Res., 4/25/39) was submitted to Congress 12/13/45. The inquiry developed facts concerning the programs of trade organizations interested in the extension and enforcement of minimum resale price maintenance contracts, and the effects of the operation of such contracts upon consumer prices and upon sales volumes of commodities in both the price-maintained and non-price-maintained categories.

Rubber Tires and Tubes.—See Distribution Methods and Costs.

Salaries (Senate).—The Commission investigated (S. Res. 75, 73d, 5/29/33) salaries of executives and directors of corporations (other than public utilities) engaged in interstate commerce, such corporations having more than \$1,000,000 capital and assets and having their securities listed on the New York stock or curb exchanges. The Report of the F. T. C. on Compensation of Officers and Directors of Certain Corporations (15 p., processed, 2/26/34) explained the results of the inquiry.¹⁶ The facts developed focused the attention of Congress on the necessity of requiring listed corporations to report their salaries.

Silverware Manufacturers (W. P. B.), Wartime, 1942-43.—Silverware manufacturers were investigated at the request of the War Production Board to determine the extent to which they had complied with the copper orders, that is, W. P. B. General Preference Order No. m-9-a, Supplemental Order No. m-9-b, and Conservation Order m-9-c, as amended.

Silverware Manufacturers and Silver Suppliers (W. P. B.), Wartime, 1942-43.—The activities of silverware manufacturers and silver suppliers under W. P. B. Conservation and Limitation Orders m-9-a, b, and c, m-100 and L-140 were investigated and reported on at the request of the War Production Board.

Sisal Hemp (Senate).—The Commission assisted the Senate Committee on Agriculture and Forestry in an inquiry (S. Res. 170, 64th, 4/17/16) and advised how certain quantities of hemp promised by the Mexican sisal trust, might be fairly distributed among American distributors of binder twine (Mexican Sisal Hemp, S. Doc. 440, 64th, 8 p., o. p., 5/9/16). The Commission's distribution plan was adopted.

Southern Livestock Prices.—See Food.

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

¹⁶ The salary lists do not appear in the report but are available for inspection.

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

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

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

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. (latter 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.

Steel Sheet Piling—Collusive Bidding (President).—Steel sheet piling, prices on certain Government contracts in New York, North Carolina, and Florida were investigated (inquiry referred to F. T. C. 11/20/35). The F. T. C. Report to the President on Steel Sheet Piling (42 p., processed, 6/10/30) demonstrated the existence of collusive bidding because of a continued adherence to the basing-point system¹⁸ and provisions of the steel industry's code.

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

Sugar.—See *Food*.

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

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

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

¹⁷ As of the same date in the N. R. A. published its Report of the National Recovery Administration on the Operation of the Basing-Point System in the Iron and Steel Industry (175 p., processed). The basing-point system is also discussed in published reports listed under "Cement" and "Price Bases" herein.

¹⁸ See footnote 15, p. 149.

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.

Textiles (President).—President Roosevelt (Executive order of 9/26/34) directed an inquiry into the textile industry's labor costs, profits, and investment structure to determine whether increased wages and reduced working hours could be sustained under prevailing economic conditions. Reports covering the cotton, woolen and worsted, silk and rayon, and thread, cordage and twine industries were: Report of the F. T. C. on Textile Industries, Parts I to VI, 12/31/34 to 6/20/35, 174 p., o. p. (Part VI financial tabulations processed 42 p., o. p.); Report of the F. T. C. on the Textile Industries in 1933 and 1934, Parts I to IV, 8/1/35 to 12/5/35, 129 p., o. p.; Parts II and III, o. p. (Part IV, processed, 21 p., o. p.; accompanying tables, processed, 72 p., o. p.); Cotton Spinning Companies Grouped by Types of Yarn Manufactured During 1933 and 1934, 1/31/36, 20 p., processed, o. p.; Cotton Weaving Companies Grouped by Types of Woven Goods Manufactured During 1933 and 1934, 3/24/36, 48 p., processed, o. p.; Textile Industries in the First Half of 1935, Parts I to III, 5/22/36 to 8/22/36, 119 p., processed, o. p.; Textile Industries in the Last Half of 1935, Parts I to III, 11/20/36 to 1/6/37, 155 p., processed, o. p.; and Textile Industries in the First Half of 1936, Parts I to III, 1/21/37 to 2/11/37, 163 p., processed, o. p.

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

Textiles—Cotton Growing Corporation.—See Foreign Trade.

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

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.

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 m-43-a, 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 U. S.

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

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

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

Trade and Tariffs in South America (President).—Growing out of the First Pan-American Financial Conference held in Washington, May 24-29, 1915, this inquiry (referred to F. T. C. 7/22/15) was for the purpose of furnishing necessary information to the American brand of the International High Commission appointed as a result of the conference. Customs administration and tariff policy were among subjects discussed in the Report on Trade and Tariffs in Brazil, Uruguay, Argentina, China, Bolivia, and Peru (246 p., o. p., 6/30/16).

Twine.—See Sisal Hemp and Textiles.

Utilities.—See Power.

War Material 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 Cost Finding (President), 1917-18.—President Wilson directed the Commission (7/25/17) to find the costs of production of numerous raw materials and manufactured products. The inquiry resulted in approximately 370 wartime cost investigations. At later dates reports on a few of them were published,¹⁹ including: Cost Reports of the F. T. C.—Copper (26 p., o. p., 6/30/19); Report of the F. T. C. on Wartime Costs and Profits of Southern Pine Lumber Companies (94 p., o. p., 5/1/22); and Report of the F. T. C. on Wartime Profits and Cost of the Steel Industry (138 p., 2/18/25). The unpublished reports²⁰ cover a wide variety of subjects. On the basis of the costs as found, prices were fixed, or controlled in various degrees, by Government agencies such as the War and Navy Departments, War Industries Board, Price Fixing Committee, Fuel Administration, Food Administration, and Department of Agriculture. The Commission

¹⁹ See footnote 10, p.139.

²⁰ Approximately 260 of the wartime cost inquiries are listed in the F. T. C. Annual Reports, 1918, pp. 29-30, and 1919, pp. 38-42 and in World War Activities of the F. T. C., 1917-18 (69 p., processed, 7/15/40).

also conducted cost inquiries for the Interior Department, Tariff Commission, Post Office Department, Railroad Administration, and other Government departments or agencies. It is estimated that the inquiries helped to save the country many billions of dollars by checking unjustifiable price advances.

Wartime Costs and Profits (F. T. C.).—Cost and profit information for 4,107 identical companies for the period 1941-45 is contained in a Commission report (1948) on Wartime Costs and Profits for Manufacturing Corporations, 1941 to 1945 (30 p., processed, with 106 p. appendix), Compilation of the information contained in the report was begun by the Office of Price Administration prior to the transfer of the financial reporting function of that agency to the Federal Trade Commission in December 1946.

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

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

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