ANNUAL REPORT

OF THE

FEDERAL TRADE COMMISSION

FOR THE

FISCAL YEAR ENDED JUNE 30

1944

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FEDERAL TRADE COMMISSION

ROBERT E. FREER, *Chairman* [1]
GARLAND S. FERGUSON
CHARLES H. MARCH
EWIN L. DAVIS
WILLIAM A. AYRES
OTIS B. JOHNSON, *Secretary*

FEDERAL TRADE COMMISSIONERS--1915-44

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-A p r. 21, 1917.
George Rubies	New Hampshire	Mar.16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar.16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16,1917-Nov. 30,1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31,1924.
Huston Thompson	Colorado	Jan. 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1, 1920-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1920-Sept. 25, 1921.
John F Nugent	Idaho	Jan.15, 1921-Sept. 25, 1927.
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31,1926.
Charles W. Hunt	Iowa	June 16, 1924-Sept. 25, 1932.
William E. Humphrey	Washington	Feb.25, 1925-Oct. 7, 1933.
Abram F. Myers	Iowa	Aug. 2, 1926-Jan. 15, 1929.
Edgar A. McCulloch	Arkansas	Feb. 11, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov.14, 1927.
Charles H. March	Minnesota	Feb.1,1929.
Ewin L. Davis	Tennessee	May 26,1933.
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.

EXECUTIVE OFFICES OF THE COMMISSION

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

BRANCH OFFICES

45 Broadway, New York 6
433 West Van Buren Street, Chicago 7
55 New Montgomery Street, San Francisco 5
801 Federal Office Building, Seattle 4
150 Baronne Street, New Orleans 12

[1] Chairmanship rotates annually. Commissioner Davis will become Chairman in January 1945.

II

LETTER OF SUBMITTAL

To the Congress of the United States:

I have the honor to submit herewith the Thirtieth Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1944. A limited number of copies of the report is being printed by the Federal Trade Commission.

By direction of the Commission:

ROBERT E. FREER, *Chairman.*

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ANNUAL REPORT
OF THE
FEDERAL TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30, 1944

INTRODUCTION

DUTIES OF THE COMMISSION

The Federal Trade Commission herewith submits its report for the fiscal year July 1, 1943, to June 30, 1944.

The Commission is an administrative agency of the Federal Government. It was organized March 16, 1915, under the Federal Trade Commission Act, which was approved September 26, 1914, and amended March 21, 1938.

The duties of the Commission fall into two categories: (1) Legal activities in the enforcement of the laws it administers and (2) general investigations of economic conditions in interstate and foreign commerce.

In addition to discharging these duties the Commission during the fiscal year conducted special wartime investigations and surveys for the War Production Board and other war agencies.

Legal activities of the Commission embrace administration of (1) the Federal Trade Commission Act, which declares that unfair methods of competition and unfair or deceptive acts or practices in commerce are unlawful; (2) section 2 of the Clayton Act, as amended by the Robinson-Patman Act, prohibiting price and other discriminations, and sections 3, 7, and 8 of the Clayton Act dealing with tying and exclusive-dealing contracts, acquisitions of capital stock, and interlocking directorates, respectively; (3) the Export Trade Act, also known as the Webb-Pomerene Law, which for the purpose of promoting foreign trade, permits the organization of associations to engage exclusively in export under stated restrictions; and (4) the Wool Products Labeling Act of 1939, designed to protect industry, trade and the consumer against the evils resulting from the unrevealed presence of substitutes and mixtures in wool products.

The general investigations arise chiefly under section (6) (a), (b), and (d) of the Federal Trade Commission Act, giving the Commission power:

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of

any corporation engaged In commerce, excepting banks and common carriers * * *, 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 * * * to file with the Com mission 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. * * *

(d) Upon the direction of the President or either House of Congress [1] to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

SUMMARY OF LEGAL ACTIVITIES

During the fiscal year the Commission issued 195 formal complaints alleging violations of the laws it administers; entered 124 orders directing respondents to cease and desist from such violations; and accepted 303 stipulations to discontinue unlawful practices, 113 pertaining especially to radio and periodical advertising.

Thirty-seven cases were decided in favor of the Commission in United States courts, 31 by circuit courts of appeals and 6 by district courts. The total includes 25 cases in which Commission orders to cease and desist were affirmed by circuit courts of appeals, 3 with modifications. No orders were set aside.

In the Supreme Court four petitions for certiorari sought by respondents were denied.

District courts in five cases entered civil penalty judgments totaling $22,750 against respondents who had violated cease-and-desist orders after they had become final.

Fifty petitions for review of Commission cease-and-desist orders were filed by respondents in circuit courts of appeals.

Approximately 150 industries operate under trade practice rules approved by the Commission. During the year final rules were promulgated for the catalog jewelry and giftware industry and the musical instrument and accessories industry and trade practice conferences were held or authorized for others. All rules are administered in line with the war effort.

The Wool Products Labeling Act was given wide application during the y ear. Field inspections were made of more than 41/2 million wool pro ducts subject to the labeling provisions of the act and covered the labeling practices of several thousand manufacturers, distributors, and other marketers. Compliance in cases of improper labeling was effected in most instances through cooperative action on the part of the concerns involved.

In May 1944 the Commission abolished its Export Trade Section and established an Export Trade Office. The reorganization was effected to facilitate administration of the Export Trade (Webb-Pomerene) Act and to meet current problems arising in connection with foreign trade reconstruction. In order to ascertain the value and effect of the

1 The Independent Offices Appropriation Act for 1934 provided that future investigations by

the Commission for congress must be authorized by concurrent resolution of the two Houses. Under the appropriations act of 1945, 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."

act on the trade of the United States the Commission initiated inquiries involving the operation of Several of the 46 export trade associations organized under the act.

WARTIME INVESTIGATIONS

During the fiscal year the Commission continued its work of conducting investigations for the war agencies and in support of the war effort. (See p.9 for details of wartime investigations.)

For the War Production Board the Commission completed some 300 investigations in 8 industries to determine whether users of materials essential to the war production program were complying with priorities orders and regulations issued by the Board.

The Commission published and transmitted to Congress three parts of its report on Distribution Methods and Costs, covering, respectively, important food products; building materials; and petroleum products, automobiles, rubber tires and tubes, electrical household appliances, and agricultural implements. The inquiry was planned to meet the needs of war agencies, and as parts of the report were completed they were furnished to the agencies.

The cooperation with two agencies of the Department of the Interior, the Commission undertook a survey of the cost of producing and distributing fresh fish. The survey covered four principal fish-producing region.

In connection with its regular survey of commercial advertising (see p.64), the Commission analyzed for and reported to the War Production Board such advertisements as contained pertinent references to war production, price rises or trends, rationing, or priorities, or possible violations of the Board's wartime advertising policies.

GENERAL INVESTIGATIONS

During the war emergency numerous branches of the Government, especially the war agencies, have utilized the basic factual accounting, statistical, and economic data covering important national industries which were gathered by the Commission in the approximately 135 general investigations and 370 special cost studies it has conducted during its existence.[2]

A majority of these general investigations were authorized by Congressional resolutions, some were conducted pursuant to Presidential orders, a number were made at the request of other branches of the Government, and others on the initiative of the Commission. Many of these inquiries have supplied valuable information bearing on competitive conditions and trends in interstate trade and industrial development and have shown the need for, and wisdom of, legislative or other corrective action.

Investigations conducted by the Commission have led, directly or indirectly, to the enactment of important laws, including the Export Trade Act, the Packers and Stockyards Act, the Securities Act of 1933, the Public Utilities Holding Company Act of 1935, the Natural Gas Act of 1938, and the Robinson-Patman Anti-discrimination Act of 1936, which amended section 2 of the Clayton Act.

1 An alphabetical list and brief description of the investigations conducted by the Commission appear in the appendix, beginning at p. 85.

THE COMMISSIONERS AND THEIR DUTIES

The Federal Trade Commission is composed of five Commissioners appointed by the President and confirmed by the Senate. Not more than three ma belong to the same political party.

As provided the Federal Trade Commission Act, the term of office of a Commissioner is 7 years, dating from the 26th of September [3] last preceding his appointment, except when he succeeds a Commissioner who relinquishes office prior to the expiration of his term, in which case the act provides that the new member "shall be appointed only for the unexpired term of the Commissioner whom he shall succeed." Upon the expiration of his stated term of office, a Commissioner continues to serve until his successor has been appointed and confirmed.

As of June 30, 1944, the Commission was composed of the following members: Robert E. Freer, Republican, of Ohio, Chairman; Garland S. Ferguson, Democrat, of North Carolina; Charles H. March, Republican, of Minnesota; Ewin L. Davis, Democrat, of Tennessee; and William A. Ayres, Democrat, of Kansas.

The chairmanship of the Commission rotates annually among its members. Commissioner Freer is serving as Chairman during the calendar year 1944, having succeeded Commissioner Ferguson. Commissioner Davis will become Chairman in January 1945. Through this method of rotating the chairmanship, each Commissioner serves as Chairman at least once during his term of office. The Chairman presides at meetings and signs the more important official papers and reports at the direction of the Commission.

In addition to the general duties of administering the statutes committed to the Commission for enforcement, each Commissioner has supervisory charge of the work of one or more of the divisions of the Commission. Chairman Freer has supervisory charge of the Radio and Periodical Division and the Division of Accounts, Statistics and Economic Investigations; Commissioner Ferguson, of the Trial Examiners Division and the Division of Trade Practice Conferences; Commissioner March, of the Legal Investigation Division; Commissioner Davis, of the Trial and Appellate Division; and Commissioner Ayres, of the Medical Advisory Division and the several Administrative Divisions. The Secretary of the Commission is its executive officer.

Each case coming before the Commission for consideration is assigned to a Commissioner for examination and report before it is finally acted upon by the Commission. The Commissioners meet each work day for the transaction of business, including the hearing of oral arguments in cases before the Commission. They usually preside individually at the trade practice conferences held for industries, perform numerous administrative duties incident to their position, and direct the work of a staff which, as of June 30, 1944, numbered 463 officials and employees, including attorneys, economists, accountants, and administrative personnel stationed in Washington and in 5 branch offices. In addition, 133 members of the staff were on military furlough and serving in the armed forces of the Nation.

HOW THE WORK OF THE COMMISSION IS CONDUCTED

The legal work of the Commission is under the supervision of its Chief Counsel, its Chief Examiner, its Chief Trial Examiner, the

3 September 26 marks the anniversary of the approval of the Federal Trade Commission Act In 1914.

Director of its Radio and Periodical Division, and the Director of its Division of Trade Practice Conferences.

The Chief Counsel acts as legal adviser to the Commission, has charge of the trial of formal cases before the Commission and in the courts, and supervises the foreign-trade work of the Commission conducted pursuant to the Export Trade Act.

The Chief Examiner has charge of legal investigations of applications for complaint alleging violations of the laws over which the Coin-mission has jurisdiction, except as to probable violations involving false advertising which come under the observation of the Radio and Periodical Division. When the Commission undertakes general investigations, the Chief Examiner supervises those which are primarily of a legal nature. Certain of the wartime investigations are conducted by the Legal Investigation Division.

The Division of Accounts, Statistics, and Economic Investigations conducts the general inquiries of the Commission as distinguished from those primarily legal in nature. Such general inquiries in recent years have included surveys of methods and costs of distributing important commodities; studies of costs, prices, and profits in various industries; and compilations of financial reports of corporations operating in strategic material industries. These recent inquiries were made, for the most part, at the request of war agencies, and in all cases the data gathered were made available to them. Aside from its investigational activities, the division cooperates with the legal divisions of the Commission with respect to price-fixing and other types of restraint-of-trade cases and to cost-accounting work required in Robinson-Patman Act cases.

Members of the Trial Examiners Division preside at hearings for the reception of evidence in formal proceedings and in certain of the general investigations conducted by the Commission. Other members of the division negotiate settlements by stipulation of applications for complaint, subject to the approval of the Commission.

The Division of Trade Practice Conferences conducts the activities relating to trade practice rules for industries, including the holding of hearings and industry conferences, administration and enforcement of rules, and other staff duties incident to the trade practice conference procedure. This division also is charged with administration of the Wool Products Labeling Act and the rules and regulations promulgated thereunder.

The Radio and Periodical Division conducts preliminary office investigations in cases involving allegations of false and misleading advertising. Such cases usually result from the division's continuing examination of radio and periodical advertising and, in a majority of instances, are disposed of by stipulation. The division also carries on a special continuing examination of war-related advertising for the War Production Board.

The Medical Advisory Division furnishes the Commission or any of its divisions with professional opinions in matters involving medical, chemical, or scientific questions relating to food, drugs, cosmetics, and devices arising in connection with investigations or the trial of cases instituted under the provisions of the Federal Trade Commission Act.

In addition to receiving scientific advice from the Medical Advisory Division, the Commission makes full use of the facilities offered by other departments of the Government to which it refers matters for

scientific opinions and information. It receives effective cooperation from such agencies as the United States Public Health Service , the National Bureau of Standards, the Food and Drug Administration, and the Department of Agriculture's bureaus relating to agricultural chemistry, entomology, plant industry, animal industry, dairy industry, and home economics, as well as from nongovernment hospitals, clinics, and laboratories, and from members of the medical profession and other scientists. The opinions and data furnished by such agencies and individuals are often helpful in enabling the Commission to reach its conclusions with respect to scientific and technical questions coming before it.

The Research and Library Division functions as a professional adjunct in aid of the professional staff.

Administrative services are rendered and the business affairs of the Commission are conducted by the following divisions: Budget and Finance, Personnel Supervision and Management, Records, and Publication and Procurement.

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.

For the period of the war emergency the Commission has limited the number and size of its publications. Publications issued during the fiscal year were:

Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1943. House Document No.432, Seventy-eighth Congress, Second Session, January 14, 1944; 128 pages; available from the Superintendent of Documents, Government Printing Office, at 20 cents a copy while the supply lasts.

Federal Trade Commission Decisions, Volume 35, July 1, 1942-December 31, 1943; 1,031 pages; and *Volume 36, January 1, 1943--June 30, 1943*; 1,219 pages; available from the Superintendent of Documents, Government Printing Office, at $1.75 a copy while the supply lasts.

Trade Practice Rules for the following industries: *Catalog Jewelry and Giftware Industry, December 23, 1943*, 8 pages; *Musical Instrument and Accessories Industry, February 2, 1944*, 10 pages; available from the Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part I, Important Food Products, Summary and Conclusions, November 11, 1943; 17 pages; available from the Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part I, Important Food Products, November 11, 1943; 223 pages; available from the Superintendent of Documents, Government Printing Office, at 30 cents a copy while the supply lasts.

Distribution Methods and Costs, Part III, Building Materials, Summary, February 19, 1944; 10 pages; available from the Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part III, Building Materials--Lumber, Paints and Varnishes, and Portland Cement, February 19, 1944; 50 pages; available from the Superintendent of Documents, Government Printing Office, at 10 cents a copy while the supply lasts.

Distribution Methods and Costs, Part IV, Petroleum Products, Automobiles, Tires, Electrical Household Appliances, and Agricultural Implements, Summary, March 2, 1944; 23 pages; available from the Federal Trade Commission without charge while the supply lasts.

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, possible abuses, and trends in an industry, 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 not only of specific and general value but of especial value as respects the need or wisdom of new and important legislation, to which they have frequently led, as well as to corrective action by the Department of Justice and private interests affected. The Supreme Court has at times had recourse to them, and many have been designated for reading in connection with university and college courses in business administration, economics, and law.

The 36 published volumes of Federal Trade Commission Decisions contain (1) the findings of fact and orders to cease and desist issued by the Commission throughout the years; (2) the stipulations accepted by the Commission wherein respondents agree to cease and desist from unlawful practices; and (3) the decisions of the courts in Commission cases for the different periods covered by the different volumes. They constitute a permanent and 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 from time to time are published in separate volumes. The trade practice rules, the regulations under the Wool Products Labeling Act, and the Rules of Practice before the Commission are published in pamphlet form.

RECOMMENDATION TO CONGRESS

A few months before the United States entered the war there was concluded the most

recent and authoritative as well as the most extensive and intensive survey of our economic system ever undertaken. The Temporary National Economic Committee created by joint reso-

lution of Congress for the purpose of that survey filed its final report in March 1941, after nearly 3 years of study and public hearings with sworn testimony in submitting its final report the Committee recognized that public attention had been "diverted momentarily from the study of the problems of economic concentration" for which the Committee had been created, but pointed out that war conditions "served only to emphasize the need for readjustments after the present crisis is over." The Committee declared its faith in the competitive system of private enterprise as a solution for the problems of postwar depression and unemployment and made a number of specific recommendations for legislation designed to preserve and improve that system. It declared such system could be preserved only through a vigorous effort to decentralize industry and to implement and enforce the antitrust laws.

Although the representatives of the Federal Trade Commission on the Temporary National Economic Committee concurred in the various recommendations made by the latter body, the Commission, in deference to the absorption of Congress and the public with the war, has reiterated but one of the Committee's recommendations. That was a recommendation which the Commission had been making since 1930 with regard to an amendment of section 7 of the Clayton Act and designed to stay more effectively the increasing consolidations of competing corporations. More specifically, the Commission recommended the prohibition of the corporate acquisition of another corporation's properties under the same conditions that acquisition of its capital stock had been declared unlawful by Congress in 1914. The Commission also concurred with the recommendation of the Temporary National Economic Committee for prior governmental approval of acquisitions by corporations over a certain size.

With the war rap idly approaching a climax, the Commission recommends that the Congress now take up for serious concrete consideration the various recommendations for legislation submitted by the Temporary National Economic Committee in March 1941, and by the President when urging the formation of that Committee in April 1938. In this connection the Commission calls attention to the following statement by Senator Joseph C. O'Mahoney, Chairman of the Temporary National Economic Committee, submitted with the Committee's report in March 1941:

The termination of the war effort, putting to an end, as it may very suddenly, the industrial activity now gaining tremendous momentum, will bring with it problems more critical and more fraught with danger than those which followed the collapse of 1929. Unless the democratic society of America shall have prepared in advance for this hour there will be no alternative except government action, which will necessarily be as inconclusive as the action which has heretofore been taken. The unsolved problems of post-war depression will be heaped upon the unsolved problems of pre-war depression and it is difficult to see how, in these circumstances, democracy can survive unless democracy prepares for peace now.

PART I. WARTIME INVESTIGATIONS

Investigations conducted by the Commission during the fiscal year included those relating to compliance by industries with priorities orders and regulations issued by the War Production Board.

Three parts of the Commission's report on Distribution Methods and Costs were published and transmitted to Congress. The inquiry had been concluded during the preceding fiscal year The reports cover methods and costs of distributing important food products; lumber, paint and varnish, and cement; and petroleum products, automobiles, rubber tires and tubes, electrical household appliances, and agricultural implements. Information needed by war agencies was gathered during the inquiry, and as parts of the report were completed they were made available to the agencies for their immediate use.

The Commission also made a study of the cost of producing and distributing fresh fish, and of the methods and channels of distribution in use, in four principal producing regions. The survey was conducted in cooperation with the Fish and Wildlife Service and the Office of the Coordinator of Fisheries of the Department of the Interior.

At the request of the Director of Procurement, Department of the Treasury, the Commission made a study of the financial history and operations of the Potomac Electric Power Co. The report was introduced into the record of the proceedings before the Public Utilities Commission of the District of Columbia in a case involving the company's rates for electricity.

These investigations and reports are described in more detail in the following pages, as are other activities of the Commission directed to support of the war program, including the administration of fair trade practice rules for many industries, the enforcement of the provisions of the Wool Products Labeling Act, and the analysis of radio and periodical advertising for the War Production Board.

PRIORITIES INVESTIGATIONS

SURVEYS OF INDUSTRIES ENGAGED IN ESSENTIAL WAR PRODUCTION CONDUCTED FOR WAR PRODUCTION BOARD

Pursuant to authority vested in it by Executive orders issued in January 1942 the War Production Board designated the Federal Trade Commission as an agency to conduct investigation of certain basic industries to ascertain the facts concerning their compliance with the Board's orders relative to the allocation of the supply and the priorities of delivery of materials.

Vital requirements of the war program made it necessary for the Government to divert from civilian uses certain materials essential to the successful prosecution of the war. In furtherance of this plan, the Commission at the request of the War Production Board continued to make further investigations to determine whether industries pro-

ducing such materials were complying with the rules and regulations governing priorities.

Through its Legal Investigation Division, the Commission completed 307 investigations for the War Production Board during the fiscal year ended June 30, 1944, with a carry-over of 38 pending cases.

A recapitulation of the investigations thus disposed of follows:

Silverware.--This investigation was carried over from the preceding fiscal year. It concerned compliance with General Preference Order M-9-a, Supplemental Order M-9-b, and Conservation Order M-9-c, all as amended, on the part of manufacturers of silverware and suppliers of silver. It was completed during the current fiscal year by the survey of 35 such manufacturers and suppliers, making a total of 236 concerns investigated.

Cooking equipment, commercial.--This investigation was made to determine the degree of compliance with Limitation Order L-182, as amended; Conservation Orders M-126 and M-9-c, as amended; and Priorities Regulation No. 1, on the part of manufacturers of commercial cooking and plate-warming equipment. It was begun during the preceding fiscal year, and completed during the current fiscal year by the survey of 2 manufacturers, making 71 such manufacturers so surveyed during the 2 years concerned.

Furnaces, hot-air, household.--The Commission undertook this survey to determine whether a certain manufacturer was in violation of Orders L-79 and P-84 in its Nationwide sale and servicing of domestic heating plants. The com p any itself, and the operations of 52 of its branches were investigated, a total of 53 such inquiries in all. Some $18,000 in fines were collected from the manufacturer as the result of proceedings instituted by the Department of Justice on evidence obtained by the Commission.

Costume jewelry.--This investigation was undertaken at the request of the War Production Board that the Commission locate and identify the sources of supply of metals used by costume jewelry manufacturers. It appeared from the stocks of costume jewelry, souvenirs, novelties and similar items then being offered for sale by 5- and 10-cent stores, department stores, jewelry stores and novelty and gift shops, that vast quantities of critical metals were being diverted illegally from war use to the manufacture of nonessential products, in violation of W. P.13. 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.

Antifreeze solutions.--To preserve essential automotive equipment from injury and destruction, the War Production Board on January 20, 1943, promulgated Order L-258, which prohibited further production of salt and petroleum base antifreeze solutions. This investigation was made to determine the quantities of such solutions remaining in the hands of producers and distributors. For spot check purposes, seven of the principal manufacturers were surveyed; their inventories were ascertained; the names and addresses of their distributors were secured; and the quantities that had been delivered to such distributors subsequent to the issuance of the order, and the dates of delivery, as well as the location of the inventories of both producers and distributors, were determined.

Textile mills, cotton..--Sixty textile mills were investigated for the purpose of determining whether they had failed to fill higher rated orders at a time when they filled lower rated orders, in violation of Priorities Regulation l.

Paint, varnish, and lacquer.--Eighty-six manufacturers of paint, varnish, and lacquer were investigated to determine whether they were in violation of Orders M-139M-150, M-159, M-246, and M-327 in their acquisition, use and sale of products containing phthalic alkyd resins; aromatic petroleum solvents; butyl alcohol and butyl acetate; phenolic resins, other than para-phenyl-phenol resins and phenolic resin compounds; and ethyl acetate and isopropyl acetate, all chemicals allocated by the War Production Board.

Fruit growers and shippers.--At the request of the War Production Board the Commission investigated certain California growers and shippers of grapes to determine the extent to which 12 shippers were complying with quota restrictions of W. P. B. Order L-232, as amended, governing the use of lugs (wooden shipping containers), and whether 7 growers, when changing shippers, reported actual shipments during the base year to the new shippers.

Insignia, manufacturers of--Pursuant. to War Production Board request, there is to be conducted an investigation of 38 insignia manufacturers to determine their degree of compliance with Orders M-199, L-131 and M-9-c. The time element precluded the taking up of this investigation before the close of the fiscal year.

Reports made to W. P. B.--Reports on each of the investigations completed were made directly by the Commission to the War Production Board. All these investigations were of a highly confidential nature for use by the Board in enforcing compliance withy its orders and regulations and in further consideration of its policies relating to production for war purposes. Where deliberate and wilful violations were disclosed, the cases concerned were prepared for possible criminal prosecution .

The War Production Board has indicated that the Federal Trade Commission, in conducting investigations relating to war activities, is rendering highly beneficial service to the Board in its effort to achieve maximum production of war materials. It is the expressed intention of the Board to utilize this organization continuously in these activities and there is an informal agreement that the Commission will maintain an investigational staff of attorney-examiners to enable it to dispose of such investigational work as may be requested by the Board in order to effect compliance with its orders and regulations and to assure that production of war materials be maintained at the highest possible level.

Surveys undertaken for the Board (and its predecessor, the Office of Production Management) during and prior to the fiscal year ended June 30, 1944, are summarized in the following table :

Priority compliance surveys conducted for War Production Board

Date of request	Industry surveyed	Number of companies surveyed	Date of completion of survey
10-22-41	Steel industry	31	12-19-41
1-9-42	Copper, primary fabricators of	94	4-6-42
3- 9-42	Copper base alloy ingot makers	76	4-6-42
4- 3-42	Chromium and nickel, processors of	717	8-12-42
5- 8-42	Jewel bearings, consumers of	172	6-30-42
5- 7-42	Metal working machines, invoicing and distribution of	406	7-30-42
5- 8-42	Silverware, manufacturers of	19	6-15-42
		1,515	

Priority compliance surveys conducted for War Production Board--Continued

Date or request completion of survey	Industry surveyed	Number of companies surveyed	Date of survey
6-20-42	Aluminum, foundries using	940	9-17-42
8- 7-42	Contractors, prime, forward buying practices of	38	9- 9-42
8-20-42	Tin	381	12-17-42
10-21-42	Quinine, manufacturers and wholesalers of	348	12-18-42
12- 3-42	Glycerin, users of	244	2-20-43
12-29-42	Capital equipment	42	5-22-43
3- 8-43	Electric lamps, manufacturers of	160	5-21-43
4- 5-43	Fuse manufacturers	19	5-12-43
5-11-43	Silverware manufacturers and silver suppliers	201	
Incomplete.			
5-19-43	Commercial cooking and food and plate warming equipment, manufacturers of	69	
Incomplete.			
		2,448	
5-11-43	Silverware manufacturers and silver suppliers	35	8-30-43
5-19-43	Commercial cooking and food and plate warming equipment, manufacturers of	2	8-12-43
7-20-43	Furnaces, hot air, household	53	8-24-43
7-28-43	Costume jewelry, manufacturers of	45	10-11-43
8-17-43	Antifreeze solutions, manufacturers of	7	9-16-43
9- 2-43	Textile mills, cotton	60	10-23-43
11-22-43	Paint, varnish, and lacquer manufacturers	86	4-29-44
1-13-44	Fruit growers and shippers	19	3-24-44
5-30-44	Insignia, manufacturers of		Pending.
		307	
	Total number of companies surveyed	[1] 4,270	

[1] This total does not Include subsidiary companies. If subsidiaries were included the total of companies actually surveyed would be larger than that shown in the table.

DISTRIBUTION METHODS AND COSTS

REPORTS TO CONGRESS PRESENT DATA ON MAJOR FACTORS AFFECTING DISTRIBUTION OF CONSUMER COMMODITIES

During the fiscal year the Commission published and sent to Congress 3 reports on its inquiry into Distribution Methods and Costs, covering 13 important food processing industries; 10 important fruits and vegetables which are sold to the consuming public unprocessed; 3 important building materials; and 5 groups of manufacturers of commodities used by all classes of consumers. The reports were published under the subtitles : *Part l. Important Food Products; Part III. Building Materials--Lumber,*

Paints and Varnishes, and Portland Cement; and Part IV, Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements.

The inquiry on which the reports were based was undertaken by the Commission under authority conferred upon it by section 6 of the Federal Trade Commission Act. The resolution of the Commission authorizing the inquiry directed that a study be made of the methods and channels of distribution, costs of distribution, and practices, usages and trade barriers, laws, charges, rates, and other factors which are an element of or which affect distribution in any substantial degree. The reports summarize information obtained in accordance with the resolution, as well as data concerning distribution obtained in other studies made by the Commission, including some of its important studies made for war agencies. The inquiry was planned to obtain information needed by war agencies and as parts of the report were completed they were furnished to the agencies for their immediate use.

The following tables and accompanying statement show the distribution of costs for manufacturers, processors, wholesalers and retailers, by industry groups, in cents per dollars of sales :

TABLE 1.--*Distribution costs for manufacturers, processors, wholesalers and retailers, by industry groups, in cents per dollar of sales*

Industry or trade	Period	Distribution cost per dollar of sales	
		Including transportation	Excluding transportation
Food processors:		*Cents*	*Cents*
Cane sugar refiners	1939	4.53	3.87
Do	1940	4.56	3.03
Meat packers	1939	6.72	5.57
Evaporated milk	1940	7.13	
Butter	1940	8.28	
Bread bakeries, chain store	1941	12.18	
Do	1942 [1]	13.02	
Beet sugar	1940	12.95	6.20
Fruits and vegetables	1939	14.30	10.64
Cheese	1940	14.38	
Flour	1939	19.00	13.17
Fluid milk and cream	1940	26.82	
Bread bakeries, wholesale	1941	26.86	
Do	1942 [1]	22.41	
Coffee	1939	23.05	20.66
Ice cream	1940	24.23	
Biscuits and crackers	1939	34.66	29.72
Packaged cereals	1939	34.93	30.85
Building materials manufacturers:			
Lumber	1939	22.75	11.40
Paints and varnishes	1939	25.23	23.32
Cement	1939	30.28	16.28
Other manufacturers:			
Motor vehicles	1937	12.00	5.09
Farm implements	1936	13.30	10.68
Electric appliances	1939	18.54	15.84
Rubber tires and tubes	1940	25.19	22.22
Gasoline and lubricants	1939	27.04	21.80
		Per dollar of sales	
Wholesalers:		*Cents*	
Voluntary cooperative grocery chains	1939	5.87	
Old line grocers	1939	9.65	
Lumber	1939	15.61	
Farm machinery	1936	17.08	
Electrical appliances	1939	18.55	
Gasoline and lubricants	1939	20.21	
Rubber tires and tubes	1939	20.87	
Retailers			
Motor vehicle, distributors and retailers	1937	11.59	
Motor vehicle, retailers	1937	15.30	
Farm implements	1936	17.78	
Consumer's cooperative grocers	1939	19.50	
Chain grocers-exclusive of supermarkets	1939	20.62	
Independent grocers	1939	22.58	
Gasoline and lubricating oils	1939	23.52	
Rubber tires and tubes	1939	26.84	
Electrical appliances	1939	30.51	

1 September.

TABLE 2.--*Cost of production, cost of distribution and margins of profit from manufacturer to consumer, per dollar of sales*

Industry	Channels of trade	Cost to produce	Cost of distribution -	Margins of profits
		Cents	*Cents*	*Cents*

Farm implements	Manufacturer-retailer-farmer	52.03	33.00	14.97
House-to-house-bakeries	Baker-consumer	58.62	1 37.81	3.57
Lumber	Manufacturer-retailer-consumer	52.56	37.40	10.04
Rubber tires and tubes	Manufacturer-wholesaler-retailer -consumer	45.62	47.61	0.77
Electrical appliances	do	39.89	53.35	6.76

1 Administrative and general expenses divided equally between production and distribution.

For the 5 important commodities listed above, the combined cost of distribution ranged from 33 cents per dollar of sales to 53.35 cents; the combined profits of manufacturers and dealers from 6.76 cents to 14.97 cents. For house-to-house bakers who are in competition with small retail bakers, chain store bakers, and wholesale bakers whose product reaches the consumer through grocers and other food retailers, the profit margin was only 3.57 cents per dollar of sales.

In many lines of industry and trade, average costs of distribution of particular commodities are difficult to obtain because both wholesalers and retailers may handle Several or even hundreds or thousands of different products. This is particularly true in the grocery and drug trade and for large chain and department stores.

Fresh fruits and vegetables.--In the study of food. products that are sold by the grocer to consumers without processing, shipments of thousands of carloads were traced from the assembler in production areas, through the long line of intermediate handlers and commission men, through chain stores to the consumer. In addition to these handlers, speculators often intervene who are in and out of the trade as market conditions change. Consequently, the spread between the farmer and the consumer varies with changes in supply and demand for the same product and for different products.

The following table shows the proceeds to the grower, the packing and loading charges, transportation charges, wholesale distributors' margins, and retail margins, in cents of the consumer's dollar, for certain fresh fruits and vegetables sold through chain stores :

TABLE 3.--*Proceeds to the grower; packing, loading, transportation charges, and wholesale and retail margins for 5 fresh fruits and 6 vegetables in 1935*

Product	Proceeds to grower	Packing, loading, storage, etc.	Transportation	Wholesale distributors' margin	Chain store retail margin
	Cents	*Cents*	*Cents*	*Cents*	*Cents*
Table grapes	[1] 28.04	10.95	28.20	7.29	25.52
California oranges	[2] 36.70	8.99	21.77	2.59	29.95
Florida oranges	[3] 29.65	19.56	14.44	3.88	32.47
Florida grapefruit	[3] 23.69	20.61	17.72	4.30	33.68
Georgia and Carolina peaches	31.15	12.03	21.65	4.63	30.54
Pacific Northwest apples	[3] 21.37	17.70	23. 33	6.33	31.27
Maine white potatoes	[2] 43.10	8.25	21.13	3.55	23.97
Eastern Shore new potatoes	[4] 53.91	9.76	13.89	3.72	18.72
Tomatoes	[4] 23.92	10.66	18.51	4.53	44.38
Texas onions	[5] 12.21	11.82	28.03	6.47	41.47
Pacific iceberg lettuce	[2] 19.88	14.45	26.39	5.77	33.51
Texas cabbage	[3] 14.45	11.15	35.93	2.93	35.54
Florida cabbage	[4] 11.29	14.98	27.44	6.07	40.22

1 Picked but Dot packed.
2 At receiving doors of packing houses.
3 For fruit on trees.
4 At loading point Dot packed or loaded.
5 Onions on surface of field pulled and clipped.
6 Cabbages standing in the field.

The cents per dollar of net sales realized by growers when computed on retail Selling prices vary widely from product to product. The minimum proceeds to grower amounted to 11.29 cents per consumer dollar for Florida cabbage sold Standing in the field to independent packers and shippers. The maximum was 53.91 cents for Eastern

shore of Maryland and Virginia potatoes harvested and delivered unpacked, largely to the Eastern Shore of Virginia Produce Exchange, a producer cooperative, which packed, loaded, shipped, and marketed more than half of the sample covered to chain stores. The chain stores added an average retail margin of 18.72 cents per retail sales dollar.

This margin, incidentally, was the lowest added by chain stores for any of the products covered in the survey.

In general, items which were transported relatively short distances and on which chains added retail margins less than 30 cents per dollar of sales yielded the largest proceeds per consumer dollar to growers.

Since freight charges are fixed, the principal effort of producers to increase their proceeds must be directed toward seeking the most direct and economical methods and channels of distribution. Eastern Shore potato growers, through the efforts of their cooperative, were able to sell both chain stores and independent retailers at about the same cost per barrel of potatoes sold, and to obtain distinctly larger proportions of the selling price of their products than producers of other commodities. Similar cooperative effort among growers of other products might result in the elimination of unnecessary middlemen and the absorption of their profits for the benefit of members of efficiently conducted cooperatives. The attainment of such economies by cooperatives, however, has been distinctly handicapped in the past by terminal market rules which restrict marketing operations to local associations of terminal operators, membership in which is closed to producer cooperatives. Growth of large chain store purchasing organizations and of cooperative purchasing organizations of independent retailers at the other end of the distribution chain would seem to offer opportunity for further dealing directly between producer-cooperatives and large cooperative or other purchasing organizations of retailers, provided their mutual efforts to deal directly are not unduly hindered by local market rules amid regulations.

Farmer's share of consumer's bread price.--A comparison of the distribution of the cost and profit elements of the average price paid by the consumer for a loaf of bread for the years 1922-24 and for September 1942 developed the fact that although the average price paid by the consumer in September 1942 was 8.4 percent greater than the average for 1922-24, the wheat farmer's share was 9.6 percent less.

The details of the proceeds or margins obtained by the different processors and handlers of bread from the farmer to the consumer for the two periods were as follows:

TABLE 4.--*Proceeds to the wheat farmer, and items of cost and profit for millers, bakers and retail distributors of bread, 1922-24 and in September 1942*

Proceeds or margins of	September 1942	1922-24
	Cents	*Cents*
Farmers	1.03	1.14
Country elevators	.06	.07
Transportation agencies for wheat	.13	.19
Terminal elevators	.08	.09
Wheat costs to millers	1.30	1.49
Millers' production and distribution costs	.32	.33
Millers' profits	.11	.08
Transportation agencies for flour	.13	.26
Flour costs to bakers	1.86	2.16
Bakers' costs of ingredients other than flour	1.06	.92
Bakers' production and distribution costs	3.81	3.54
Bakers' profits	.45	.65
Bread costs to retail dealers	7.18	7.27
Distributors' gross margins	2.09	l.28

Average prices to consumers	9.27	8.55

One cause of reduction in the wheat farmer's proportion of the price paid by the consumer was a marked increase in the average number of pound loaves made from a barrel of flour--285 in 1922-24 to 300 or more 1-pound loaves in 1942--resulting from the use of additional other ingredients and from the higher moisture content of today's loaf of bread. An important economic result of this increase in the number of loaves per barrel of flour, and of changes in the diet of the American people, was a decrease in the per capita wheat consumption from 4.73 bushels in 1923 to 3.73 bushels in 1940.

War Food Order No.1, which was based upon the facts developed by the Commission in this inquiry, forbade certain uneconomic trade practices in the baking industry, most important of which was the waste of bread for human consumption, resulting from the daily return of unsold bread under consignment selling. This waste in September 1942, after the industry had attempted to reduce losses from the return of unsold bread, was more than sufficient to supply the bread diet for the entire population of a city the size of Philadelphia or of a State with the population of South Carolina.

The savings resulting from the elimination of certain uneconomic practices in the bread industry through War Food Order No.1 made it possible to avoid an increase in the price of bread, notwithstanding the fact that wheat and flour prices were increased. Flour millers and wholesale bakers generally made somewhat higher profits and the wheat farmers' income, as shown by the Department of Agriculture's average farm price, was increased 155 million dollars for the year 1943.

COST OF PRODUCING AND DISTRIBUTING FISH

STUDY MADE IN COOPERATION WITH FISH AND WILDLIFE SERVICE AND OFFICE OF COORDINATOR OF FISHERIES

The Commission, in cooperation with the Fish and Wildlife Service and the Office of the Coordinator of Fisheries of the United States Department of the Interior, conducted a study of the cost of producing and distributing fresh fish in the New England, Atlantic Gulf, Pacific, and Great Lakes producing regions. The study, made during May and June 1944, also included surveys of the methods and channels of distribution in use in the respective regions. The data gathered were being compiled at the end of the fiscal year and when completed will be available for use by various Government agencies, including the Office of the Coordinator of Fisheries, which is charged, by Executive order, with the responsibility for developing and assuring sustained production of aquatic food supplies essential to the conduct of the war

The study was an extension of the general investigation of distribution methods and costs made by the Commission pursuant to authority conferred upon it by section 6 of the Federal Trade Commission Act. (See p.12.)

POTOMAC ELECTRIC POWER CO. STUDY

REPORT COVERING CORPORATION'S FINANCIAL HISTORY AND OPERATIONS INTRODUCED AT DISTRICT OF COLUMBIA RATE CASE HEARING

A study of the financial history and operations of the Potomac Electric Power Co. was made during the fiscal year in response to a

request of the Director of Procurement, United States Treasury Department. The study covered the period 1896-1943. The report was introduced into the record as an exhibit in the proceedings before the Public Utilities Commission of the District of Columbia, involving the company's electric rates.

The report indicated that the operations of Potomac Electric Power Co. have been profitable throughout its corporate history. The return to Washington Railway & Electric Co., the owner of all of the outstanding common stock of the Potomac Electric Power Co., averaged 15.7 percent on its common stock equity (par value of common stock plus reinvested earnings) in the company during the period under review. During the period 1903-24 prior to the inauguration on January 1, 1925, of the sliding-scale arrangement for fixing rates, the return on the common stock equity averaged 26.3 percent. For the period 1925-43, when the sliding-scale arrangement was in effect, the average return was 14.2 percent. The earnings from this investment have also been shared by the North American Co., which exercises control of Washington Railway & Electric Co. through ownership of 34.55 percent of the voting stock of the railway company.

Since the inauguration of the sliding scale, the revenue to Potomac Electric Power Co. from sale of electric energy increased over 200 percent, from $7,024,014 in 1925 to $22,396,048 in 1943. During this time the kilowatt-hours sold increased over 800 percent, from 172,-870,305 to 1,558,196,228; and the average selling price per kilowatt hour decreased from 4.06 cents in 1925 to 1.44 cents in 1943.

Cash dividends on common stock paid to Washington Railway & Electric Co. aggregated $48,225,000, and Potomac Electric Power Co. increased its surplus by $26,947,960 from January 1, 1925, to the end of 1943.

As a result of the hearings before the District of Columbia Public Utilities Commission, the sliding-scale arrangement was considerably modified and the company was directed to file new rate schedules to effect an estimated reduction of $1,037, 189 for the current year.

OTHER WARTIME ACTIVITIES

Interdepartmental service.--For almost 40 years the Commission (and its predecessor, the Bureau of Corporations) has been collecting and maintaining a vast fund of information concerning the Nation's important industries. The Commission has been called upon to furnish to regular Government departments, and especially to the agencies created during the war emergency, an increasing amount of these data, and frequently it has been requested to) prepare special reports as the basis for the actions of the war agencies responsible for economic controls.

War-related advertising analyzed and reported.--The Commission during the fiscal year surveyed, analyzed, summarized, and periodically reported to the War Production Board at its request such advertising as appeared to contain any pertinent war-related references to war production, the general public health, morale, price rises or trends, rationing, priorities, textiles, upholstered furniture, furs, and other selected commodities; advertisements advising the public to "buy now" or containing

statements that materials are or will be scarce or that the quality of new materials or products offered for sale is

equivalent to or better than merchandise formerly offered; and other war-related subjects.

In connection with the Commission's regular advertising survey, that advertising which might be violative of the announced advertising policies of the War Production Board was collated, analyzed, and summarized for that agency in 18 analytical reports covering 21 metropolitan areas and 5 groups of critical merchandise. These reports related to the improper use in war time of advertising appeals of doubtful nature.

The reports thus furnished were based upon the normal survey of commercial advertising conducted by the Commission, as hereinafter described on page 64.

Trade practice rule work in wartime.--Many industries operating under trade practice rules issued by the Commission are engaged in war production as well as production or distribution for essential civilian needs. Established rules of fair trade practice governing such industries have an important effect in maintaining a fair competitive balance in the respective industries and trades and in affording an over-all stabilizing influence considered helpful to advancement of the war effort and to protecting the public interest in the prevailing economy of scarcity and stress. The substantial results achieved in this respect are brought about at small cost. The waste and burdens which unfair or harmful trade practices impose upon competitive enterprise and upon the buying public are eliminated, and industry and trade thereby are freed for maximum effort in meeting the needs of the country.

The rules of fair trade practices promulgated by the Commission, covering approximately 150 industries are administered and applied by the Commission in line with maintaining effective support of the maximum war effort. Besides affording material contribution to the war program, the rules place the respective industries in an advantageous position to meet the impact of post-war conditions. Such fair trade practice provisions are designed to foster and promote free enterprise on a fair competitive basis without monopolistic or discriminatory trade restraints which stifle small businesses and suppress competition to the detriment of the public.

Wool Act an aid to war program.--Support of the war program, effective and of indispensable character, is afforded by the Wool Products Labeling Act which is administered by the Commission. Under the act, products containing or purporting to contain wool are required to be labeled to reveal their true content, thus protecting the consumer as well as producers, manufacturers, and distributors from the unrevealed presence of substitutes and mixtures and preventing the evils of misbranding. Wool being a critical war material and essential to the health and well-being of the entire population, it is a matter of far-reaching importance that not only shall clothing and other necessary products containing wool be equitably distributed to meet essential needs, but also that manufacturers, distributors, dealers, and the buying public shall be protected from the fraud, deception, and unfair competition flowing from misbranding, concealment, or misrepresentation of true content of product. The statute and its operation affords such protection.

Membership wartime committees.--The Chairman of the Federal Trade Commission is ex officio a member of the Price Administration Committee of the Office of Price Administration and serves as the Commission's representative in its continuing relationships with the Office of Economic Warfare (now the Foreign Economic Administration), the Bureau of Industrial Conservation of the Office of Production Management (now the War Production Board), and the committee for the development and utilization of the country's present and future petroleum resources and facilities, of which the Petroleum Coordinator for National Defense is Chairman. During the fiscal year the Commission designated its Chairman to represent it on the Advisory Committee of the House Committee on Agriculture, which, pursuant to House Resolution 38, 78th Congress, 1st Session, was authorized to study the marketing and distribution of agricultural commodities.

The Commission was represented by its Chief Economist on the Treasury Department Committee on Incentive Taxation, organized to discuss ways of stimulating post-war production and employment.

The Medical Advisory Division of the Commission served on request as adviser to the Medical and Health Supply Section of the Division of Civilian Supply, War Production Board. The Director of the Medical Advisory Division also performed liaison duties for the Commission in connection with the work of the National Research Council's Committee on Drugs and Medical Supplies, which serves in an advisory capacity to the War Production Board.

PART II. GENERAL LEGAL WORK

DESCRIPTION OF PROCEDURE

A case before the Federal Trade Commission may originate in any one of several ways. The most common origin is through complaint by a consumer, a competitor, or from public sources. 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.

INFORMAL PROCEDURE

Upon receipt of an application for complaint, the Commission considers the essential jurisdictional elements before deciding whether it shall be docketed. When docketed, it is assigned to an attorney for the purpose of developing all the essential facts. 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. It is the policy of the Commission not to disclose the identity of the complainant. If necessary, competitors of the respondent are interviewed to determine the effect of the practice from a competitive standpoint. Often it is desirable to interview consumers and members of the general public to obtain their assistance in determining whether the practice alleged constitutes an unfair method of competition or unfair or deceptive act or practice, and also to establish the existence of the requisite public interest.

After developing all the facts the examining attorney summarizes the evidence in a report, reviews the law applicable, and makes recommendations as to what action he believes the Commission should take. The record is reviewed by the Chief Examiner and, if found to be complete, is submitted, with a statement of facts together with his conclusions and recommendations, to the Commission for its consideration.

If a printed or broadcast advertisement coming under the observation of the Radio and Periodical Division appears to be misleading, that division conducts mail inquiries and reports its recommendation to the Commission under the procedure more fully explained on page 64.

The Chief Examiner or the Director of the Radio and Periodical Division may recommend to the Commission: (1) that the case be closed without further action because of lack of evidence or because the practice does not violate any law administered by the Commission; (2) disposition of the application by the respondent signing a

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

stipulation as to the facts and an agreement to cease and desist from the practices as set forth in the stipulation; or (3) issuance of formal complaint.

If the Commission decides that a formal complaint should issue, the ease is referred to the Chief Counsel for preparation of the complaint and trial of the case. Should the Commission permit disposition by stipulation, the case is referred to the Chief Trial Examiner or to the Director of the Radio and Periodical Division for negotiation and submission to the Commission for approval.

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

FORMAL PROCEDURE

Only after careful consideration of the facts developed by the investigation does the Commission issue a formal complaint. The complaint and the answer of the respondent thereto and subsequent proceedings are a public record.

A formal complaint is issued in the name of the Commission acting in the public interest. It names the respondent, or respondents, alleges a violation of law, and contains a statement of the charges. The party complaining to the Commission is not a party to the formal complaint and the complaint does not seek to adjust matters between parties; rather, the prime purpose of the proceeding is to prevent, for the protection of the public, those unfair methods of competition and unfair or deceptive acts or practices forbidden by the Federal Trade Commission Act and those practices within the Commission ‘s jurisdiction which are prohibited by the Clayton Act (as amended by the Robinson-Patman Act), the Export Trade Act, and the Wool Products Labeling Act of 1939.

The Rules of Practice before the Commission provide that a respondent desiring to contest the proceedings shall, within 20 days from service of the complaint, file answer admitting or denying each allegation.

Where evidence is to he 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 member of the staff of trial examiners, which hearing may be held anywhere in the United States, the Commission being represented by one of its attorneys and the respondent having the privilege of appearing in his own behalf or by attorney.

After the submission of evidence in support of the complaint and on behalf of the respondent, the trial examiner prepares a report of the evidence for the information of the Commission, a copy being furnished counsel for the Commission and counsel for the respondent. Exceptions to the trial examiner ‘s report may be taken by either counsel.

Briefs may be filed within a stated time after the trial examiner’s report is made, and, in the discretion of the Commission, upon the written application of the attorneys for the Commission or for the respondent, oral argument may be had before the Commission. Thereafter, the Commission reaches a decision either sustaining the charges of the complaint or dismissing the complaint, or closing the case without

prejudice.

If the complaint is sustained, the Commission makes its findings as to the facts and states its conclusion that the law has been violated, and thereupon an order is issued requiring the respondent to cease and desist from such violation. If the complaint is dismissed or the case closed, an appropriate order is 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 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 circuit court of appeals to review the order. In case of review, the order of the Commission becomes final after affirmance by the circuit court of appeals or by the Supreme Court of the United States, if taken to that court. Violation of an order to cease and desist after it shall have become final and while it is in effect 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 circuit 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 circuit court of appeals for review of an order and the court has power to affirm, or to 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 circuit court of appeals.

PROVISIONS FOR PREVENTING DISSEMINATION OF FALSE ADVERTISEMENTS

Among the new sections added to the Federal Trade Commission Act by the Wheeler-Lea Act, approved March 21, 1938, were 12 to 15, inclusive, which make specific provision for the prevention of the dissemination of false advertisements of food, drugs, devices (meaning devices for use in the diagnosis, prevention, treatment of disease), and cosmetics. The act as amended provides that in determining whether an advertisement is misleading there shall be taken into account, among other things, not only representations made or suggested statement, word, design, device; sound or any combination thereof , but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in the advertisement, or under such conditions as are customary or usual. Hence, the Commission is empowered and

directed to prevent adver-

tisers 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 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.

LEGAL INVESTIGATION
INQUIRIES PRIOR TO FORMAL COMPLAINT OR STIPULATION

The Commission makes legal investigation of all applications for complaint preliminary to instituting formal action for the correction of unfair methods of competition or other acts or practices violative of the laws it administers.

Investigation of cases in initial stages includes the general preliminary legal investigating work of the Commission under the several acts and the continuing survey of radio and periodical advertisements with the object of correcting false and misleading representations.

Cases thus developed, unless closed without action, progress upon order of the Commission to the status of either formal complaint or stipulation.

At the beginning of the fiscal year there were for investigation in the Legal Investigation Division [2] 176 preliminary or undocketed cases. One hundred and ninety-eight additional applications of this character were received during the year, making a total of 374 on hand, of which 263 were investigated. Of the investigated matters, 219 were docketed and transmitted to the Commission for action and 44 closed without docketing because of lack of jurisdiction or other reasons. This left 111 preliminary cases of this type pending for investigation at the end of the fiscal year.

Two hundred and sixty applications for complaint which had been docketed without preliminary investigation were pending for regular investigation at the beginning of the year. Subsequently, 309 additional cases of this type were received, making a total of 569 such cases docketed for investigation. Of these, 349 were investigated and

2 Statistics hereinafter reported on pp.23 to 27 concerning the general legal investigation work are the records of the Legal Investigation Division and not the consolidated record of the Commission, and therefore do not coincide with the figures reported in the tabular summary of the legal work for the entire Commission appearing on pp. 52 and 53.

transmitted to the Commission for action, leaving 220 cases of this character pending for investigation at the close of the year

During the year, 334 further investigations were made, including inquiries into alleged violations of cease and desist orders and stipulations, investigations for the Chief Counsel, and others of a supplemental nature. At the end of the year, 113 such matters awaited completion of investigation.

Thus, the legal investigation staff completed 940 investigations under the laws administered by the Commission, and also disposed of 8,935 pieces of incoming and outgoing mail, involving varying degrees of research and study. At the request of the War Production Board, that staff conducted 307 investigations of companies engaged in the manufacture of essential war products, with a carry-over of 38 pending cases. (For details of these wartime investigations, see p.9.)

PRICE FIXING AND OTHER TRADE RESTRAINTS

One of the fundamental purposes behind the passage of the Federal Trade Commission Act in 1914 was the establishment of an agency which would detect and eliminate illegal trade restraints in their incipiency, before they had. developed into monopolies. At the beginning of the fiscal year, 40 cases of this type were on the Commission calendar, either awaiting investigation or being investigated. During the year, 32 new cases were instituted, making a total of 78 restraint-of-trade matters on the calendar. In the same period, 47 investigations of this type were completed for consideration and disposition by the Commission, leaving 31 pending on the active investigational calendar as of June 30, 1944.

Price fixing continues to he the most frequently recurring charge among the restraint-of-trade cases although practically the whole category of trade restraints will be found among the charges in the cases pending before the Commission during the fiscal year. These include such practices as conspiracy to boycott or threats of boycott, interference with sources of supply, collusive bidding, coercive practices, and commercial bribery.

The following general classifications of commodities involved are listed to convey an idea of the widespread nature of the restraint-of-trade investigations: Athletic equipment; automotive equipment; beauty and barber supplies; construction materials and supplies; dental supplies; drugs, chemicals, and pharmaceuticals; electric equipment; electrotypes and stereotypes; fire extinguishers; flaxseed; food products and beverages; furs; furniture; jewelry; metal and metal products; minerals; paper and paper products; porcelain; publications; rubber products; school equipment and supplies; and textiles.

In addition to the original investigations undertaken during the year, 16 matters were completed which involved formal docketed cases. These consisted of a variety of matters, many requiring complete investigation to determine whether or not the terms of Commission cease and desist orders were being observed. In the event violations occurred, evidence thereof was procured in appropriate form to support an action for

civil penalties. Investigations of this nature are as extensive as those made in the original development of

a case and in some instances more difficult. At the close of the fiscal year, 5 cases of this nature were pending on the investigational calendar.

Of the 78 restraint-of-trade investigations which were in progress during the fiscal year, 5 resulted from applications for complaint filed by Federal, State or municipal agencies, and 16 were initiated by the Commission on its own motion. The majority, however, continued to originate as the result of complaints made by individuals and concerns whose business was being jeopardized by alleged unfair and illegal practices. The group last mentioned was responsible for 57 of these applications.

CLAYTON ACT, SECTION 2, AS AMENDED BY ROBINSON-PATMAN ACT

The Robinson-Patman Act, approved June 19 , 1936, amended section 2 of the Clayton Act and restated in more inclusive form the basic principle of prohibiting price discriminations which injuriously affect competition. It also prohibits per so certain classes of discrimination which may involve pr ice only indirectly, without regard to their competitive effects in specific cases, thus supplementing and strengthening the previous legislation.

Matters involving possible violations of the act are generally quite complicated. An effort is made by the Commission in the preliminary stages of an investigation to determine not only whether the practice in question involves prima facie violation of the act but whether the defenses available under the act are present in the particular matter. This frequently necessitates the checking of competitive prices and pricing policies and undertaking cost studies in cooperation with the parties charged with violations.

Experience in the administration of the act has made it possible for the Commission, through the development of certain information by preliminary inquiry, more readily to clear up misunderstandings among complainants as to the scope of the act and its application to specific situations, as well as to make a more accurate selection for investigation of matters involving probable violation of law. The Commission has endeavored, in view of limited funds and personnel available, to confine investigations, insofar as feasible, to matters of substantial importance and to eliminate the expenditure of time and money in the investigation of such matters as preliminary inquiry discloses to possess little practical importance. The necessary diversion of personnel for work in connection with the war program has necessitated further emphasis on this effort.

During the year the Commission instituted field investigations of alleged violations of the Robinson-Patman Act in 35 cases and completed investigations in 53. At the beginning of the year, 33 matters were on hand for investigation and at the close of the year, 52. As in previous years, the administration of the statute has touched widely varied fields of industry and commerce and involved many classes of commodities. The proceedings of the Commission and the decisions of the courts in Robinson-Patman Act cases have served as useful guides for members of industries in determining their pricing and distribution policies. It is apparent that these guides have

been beneficial both in effecting the voluntary elimination of unlawful or

doubtful practices before they become the subjects of investigation and in discouraging the inception of such practices.

STOCK ACQUISITIONS, MERGERS, AND CONSOLIDATIONS

The Commission is vested with authority, under section 7 of the Clayton Act, to prohibit the acquisition by one corporation engaged in commerce of the capital stock of a competing corporation similarly engaged, or the acquisition by a holding company of the capital stock of two or more corporations, engaged in commerce, when the effect may be to substantially lessen competition, restrain commerce, or tend to create a monopoly in any line of commerce.

Authority of the Commission to prevent unlawful acquisition of capital stock is limited by the statute to direct or indirect acquisitions by corporations engaged in industrial or commercial fields of activity. The Commission is without authority under the statute to prevent the acquisition by one corporation of the property and assets of a competing corporation or the acquisition of capital stock for strictly investment purposes.

During the year the Commission's activity under section 7 was limited to the consideration of only one preliminary matter and three docketed matters, all relating to the liquor or malt beverage industry. The three docketed matters were pending at the beginning of the year and the single preliminary matter was instituted during the year.

INVESTIGATIONS INVOLVING FOOD, DRUGS, DEVICES, AND COSMETICS

The Wheeler-Lea amendment to the Federal Trade Commission Act greatly enlarged the preexisting need for medical and other scientific and expert opinion and evidence. This was met in part by the establishment by the Commission of the Medical Advisory Division. In the administration of the Wheeler-Lea amendment, special attention has been given to therapeutic representations made concerning, and pharmacological actions of, medicinal preparations the use of which might be injurious. Similarly, particular consideration has been given to devices likely to be injurious to health.

Since enactment of the Wheeler-Lea amendment, the Commission has completed 2,031 field investigations of alleged violations of section 12 of the Federal Trade Commission Act, which relates to false advertising of food, drugs, devices, and cosmetics. Of these, 157 were completed during the fiscal year. This number includes new cases as well as old cases reinvestigated to determine whether Commission cease and desist orders, and stipulations executed by advertisers and accepted by the Commission, were being violated, and whether additional practices not previously prohibited were being carried on in contravention of the law.

At the chose of the year, 126 applications for complaint respecting alleged false advertising of food, drugs, devices, and cosmetics were under investigation, 24 of which related to drug and cosmetic preparations and devices alleged to be injurious to health.

WOOL PRODUCTS LABELING ACT

It is the duty of the Chief Examiner to conduct investigations of applications for complaint alleging violations of the Wool Products Labeling Act and of the regulations

promulgated thereunder.

These inquiries present many complex problems, particularly in making determinations as to the true fiber content of wool products, the labeling of which is questioned and in ascertaining whether the false and improper labeling is wilful and with intent to violate the law. In many instances the products must be traced through the various classes of traders handling them in order to determine who is primarily responsible for the alleged infractions or violations. It is also necessary in most cases to study and examine the books and records of manufacturers and others to identify properly the various fibers, and their weights, which actually make up the products under investigation, and frequently laboratory tests are made.

Generally, violations of the Wool Act are coupled with false advertising and misrepresentation, necessitating investigations and proceedings under both the Wool Products Labeling Act and the Federal Trade Commission Act.

Since the effective date of the act, the Legal Investigation Division has completed 124 investigations of applications for complaint involving alleged false and improper labeling. At the close of the fiscal year, 26 such applications were in process of investigation. (For details concerning administration and enforcement of the Wool Act, see part IV, beginning on p.61.)

DISPOSITION OF CASES BY STIPULATION

PROCEDURE AFFORDS OPPORTUNITY OF SETTLING SOME CASES BY AGREEMENT TO DISCONTINUE UNFAIR PRACTICES

Under certain circumstances the Commission, instead of disposing of cases by the formal complaint and trial method, affords respondents the privilege of signing a statement of fact and an agreement to cease and desist from the unfair practices.

A total of 303 stipulations in which individuals, firms, and corporations agreed to discontinue unlawful practices were approved by the Commission during the fiscal year. These included 190 general stipulations negotiated by the Trial Examiners Division and 113 pertaining especially to radio and periodical advertising cases.

The policy of the Commission with respect to the circumstances under which cases may be disposed of by stipulation is set forth in the Commission's Statement of Policy on page 85.

COMPLAINTS

ALLEGED VIOLATIONS OF FEDERAL TRADE COMMISSION ACT, CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT, AND WOOL PRODUCTS LABELING ACT

The Commission during the fiscal year issued 195 complaints, of which 177 charged violations of the Federal Trade Commission Act and 18 violations of the Clayton Act. Three of the complaints brought under the Federal Trade Commission Act contained separate charges under additional counts in which the respondents were charged with unlawful discriminations in violation of the Robinson-Patman Act.

Seventeen of the complaints issued under the Federal Trade Commission Act also alleged violation of the Wool Products Labeling Act of 1939.

I. COMPLAINTS UNDER THE FEDERAL TRADE COMMISSION ACT

A. COMBINATIONS TO FIX PRICES AND RESTRAIN TRADE

(Complaints referred to are identified by docket numbers. The full text of any complaint
may be obtained upon application to the Federal Trade Commission)

Ten complaints were issued alleging combination and conspiracy to fix prices and to restrain trade in the sale of various products. These complaints alleged that the combinations involved were composed of several hundreds of individuals, firms, and corporations, who, in most cases, were members or active in the support of trade associations which were also named as parties respondent in the complaints. The complaints alleged that interstate trade had been restrained, hindered, or suppressed and involved the following products and commodities:

Rock crushing and other heavy construction machinery (5026); fish (5055 and 5065) blouses, skirts, and other clothing (5068); etchings and engravings (5088); bread (5140); liquid and solid carbon dioxide (5143); waxed paper products porcelain in raw state (5155); and food and grocery products 5177. (Complaint 5143 also charged the respondents with violation of the Robinson-Patman Act. See p.29.)

B. FALSE ADVERTISING AND MISREPRESENTATION

A total of 148 complaints issued by the Commission charged false and misleading advertising. These complaints may be classified broadly as follows:

Thirty-five charged false and misleading representations with respect to the therapeutic properties of medicinal preparations and devices and the value of, the necessity for and the therapeutic effect of vitamins and food, including a number in which the charge was made that the advertisements were false in that they failed to reveal the potential danger in the use of the products advertised; 6, misrepresentation as to the value and effectiveness of cosmetics; 25, misrepresentation as to the origin, composition, condition, quality ,ingredients, price, and quantity of the various products advertised, including 4 which alleged false and misleading representations with respect to the effectiveness and harmlessness of so-called antifreeze preparations; 10, misrepresentation as to results to be attained through the use of the products advertised; 11, misrepresentation as to business status, including 8 in which it was alleged that sellers of post cards or form letters used to trace debtors falsely represented that they were connected with some department of the United States Government; 5, misrepresentations in the sale of correspondence school courses; 2, disparagement of competitors' products; 19, misleading and deceptive use of trade names; and 3, misrepresentation of so-called "armored" Bibles and prayer books claimed to afford protection from injury and death to members of the armed services.

C. MISCELLANEOUS COMPLAINTS

Thirty complaints involving miscellaneous acts and practices were issued charging the respective respondents with such practices as supplying lottery devices for use in the sale of merchandise; deceptive

practices in the sale of photographic enlargements of pictures; oppressive and coercive methods by wholesalers to compel retail liquor dealers to purchase a stipulated quantity of wine in order to obtain whiskey; misrepresentations with respect to baby chicks and preparations advertised for the treatment of various diseases of poultry; misrepresentation of the effect of gasoline additives; misrepresentation as to men's clothing; and alleged slack filling of candy cartons.

II. COMPLAINTS INVOLVING THE WOOL PRODUCTS LABELING ACT

Seventeen complaints alleged that wool products sold by the respective respondents were misbranded in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in that they did not have labels attached disclosing the kinds and percentages of the different fibers of which the articles were made, including the respective percentages of wool, reprocessed wool, or reused wool, and the identity of the manufacturer or the distributor or reseller of the articles. (For details concerning administration and enforcement of the act see part IV, beginning on p.61.)

The complaints charged that the respondents' misbranding of wool products also constituted unfair and deceptive acts and practices in violation of the Federal Trade Commission Act.

III. COMPLAINTS UNDER THE CLAYTON ACT

A. ALLEGED VIOLATION OF SECTION 2 (a) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

The Commission issued eight complaints under section 2 (a) of the Clayton Act, as amended by the Robinson-Patman Act, which prohibits a seller from discriminating in price between different purchasers of commodities of like grade and quality, where the effect of the discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them. The complaints alleged that the respondents discriminated in price in the sale of the following products:

Bakery products (5013); roofing and insulating materials (5017); bread (5020); rubber stamps (5048) ; educational supplies (5049); men's hats (5172); liquid and solid carbon dioxide (5143);and porcelain enamel in its raw state (5155).

In addition, the respondents in complaints 5143 and 5155 were charged with combining and conspiring to prevent or eliminate price competition and thus to monopolize the production and sale of their respective products, in violation of the Federal Trade Commission Act.

B. ALLEGED VIOLATION OF SECTION 2 (c) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

Ten complaints alleged violation of section 2 (c) of the Clayton Act, as amended by

the Robinson-Patman Act, which prohibits the granting or acceptance of brokerage fees except for services rendered in connection with the interstate sale or purchase of merchandise.

Six of the complaints (5033, 5129, 5131, 5137,5152, and 5164) involved seafood products two (5059 and 5130), other food products ; one (5087), glass and steel containers; and one (5151), hats.

C. ALLEGED VIOLATION OF SECTION 2 (d) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

Under section 2 (d) of the act, two complaints were issued, one (5049) involving educational supplies and the other (5115), bakery products. In one complaint a manufacturer of crayon, chalk, and art materials was charged with granting discounts to favored customers in return for their furnishing promotional services and in the other a baking company was charged with granting advertising allowances to preferred customers. The promotional discounts or advertising allowances, the complaints alleged, were not made available on proportionally equal terms to other of the respondents' customers who were competing with the favored ones and able and willing to furnish the same services.

D. ALLEGED VIOLATION OF SECTION 2 (f) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

The Commission issued one complaint (5027) in which it alleged violation of section 2 (f) of the act. It charged that 21 department store corporations, whose combined sales volume in 1941 approximated $425,000,000, had, through a joint buying organization, induced manufacturers and other producers of supplies purchased by them to discriminate in price in their favor by selling them merchandise of like grade and quality at lower net prices than accorded competing stores.

ORDERS TO CEASE AND DESIST

UNFAIR TRADE PRACTICES PROHIBITED IN 124 CASES

The Commission during the fiscal year issued 124 orders to cease and desist from the use of unfair methods of competition and other violations of the laws it administers. The following cases are illustrative of the orders issued:

I. ORDERS UNDER THE FEDERAL TRADE COMMISSION ACT

A. COMBINATIONS TO FIX AND MAINTAIN PRICES AND RESTRAIN TRADE

American Button Mould Manufacturers Association, Inc., New York, and others.-- This trade association, its officers, and six member manufacturers were ordered to cease and desist from carrying out any conspiracy or cooperating in any planned common course of action to fix or maintain prices or restrain or suppress competition

in the sale and distribution of button and buckle moulds. The order prohibited the respondents from holding meetings for the purpose of agreeing upon prices to be charged, compiling or distributing lists showing prices or discounts cooperatively fixed or determined, executing or agreeing to execute indemnifying bonds to guarantee observance by the association members of any price-fixing agreement, or causing the books of any member to be examined for the purpose of ascertaining whether such member had adhered to the agreements (4726).

The Cement Institute, Chicago, and others.--The Cement Institute, an unincorporated trade association with a membership consisting of practically all important cement manufacturers in the United States, and its officers, board of trustees, and 75 member corporations who produce and distribute more than three-fourths of the Portland cement manufactured in the United States, were ordered to cease and desist from engaging in or continuing any combination or conspiracy to sell cement at identical delivered prices arrived at by use of their multiple basing-point system (3167). (For that portion of the order which prohibits price discriminations in violation of the Robinson-Patman Act, see, p.35.)

The Milk & Ice Cream Can Institute, Cleveland, Ohio.--The institute and its eight member manufacturers were ordered to cease and desist from entering into, carrying out, or continuing any combination or conspiracy to fix uniform prices and restrain competition in the sale of metal milk cans and ice cream cans (4551).

Manufacturers of formal evening dresses, all of New York City.--This group of 13 manufacturers was ordered to cease and desist from entering into or continuing any combination or conspiracy to fix the prices at which they sell formal evening dresses (4751).

Rock Crusher Manufacturers Association, Cedar Rapids, Iowa, and others.--The manufacturers association and its 7 members, and The Associated Equipment Distributors, Washington, D. C., and its more than 300 member distributors, were ordered to cease and desist from maintaining or continuing a conspiracy which the Commission found they had utilized to suppress competition in the sale of rock crushing and other heavy construction machinery. The 7 manufacturers also were prohibited from continuing a conspiracy or any other scheme designed to allocate among themselves orders placed by the Federal Government and other buyers of such machinery (5026).

National Crepe Paper Association of America, Philadelphia, and others.--An order directed this trade association of manufacturers of crepe paper, and eight corporations which manufacture all of the crepe paper produced in the United States, to cease and desist from conspiring to fix uniform delivered prices for their products through the use of delivered-price zones and other means and methods (4606).

American Association of Law Book Publishers, Rochester, N. Y., and others.--The association and 27 publishers and sellers of law books were ordered to cease and desist from entering into or continuing any combination or conspiracy to fix prices for law books and other legal publications (4526).

Manufacturers and converters of asbestos insulating material.--A group of 19 manufacturers and converters of asbestos insulating material was ordered to cease and desist from entering into, carrying out, or continuing any planned common course of action to fix and maintain prices for their products through the use of patent licensing agreements, the maintenance of uniform delivered-price zones, and other means and methods (4613).

Rigid Steel Conduit Association, New York, and others.--An order prohibiting a price-fixing and restraint-of-trade conspiracy in the interstate sale of rigid steel conduit was entered against a group of manufacturers and sellers of the product and their trade

associations,

Rigid Steel Conduit Association and National Electrical Wholesalers Association, both of New York City. They were specifically ordered to cease and desist from entering into, continuing or carrying out any combination, conspiracy or planned common course of action to determine or fix price quotations on rigid steel conduit through use of a Pittsburgh plus and a Chicago plus price-quoting system, whereby they exactly matched their delivered-price quotations to any given purchaser at any given destination in the United States. The order also was directed against an organization engaged in managing the affairs of trade associations, including the respondent Rigid Steel Conduit Association, and against an individual who was found to have furnished the respondent manufacturers and sellers with freight rate bulletins which were used as a common factor in pricing conduit according to a basing-point formula.

In addition, 15 respondent sellers of conduit were ordered to cease and desist from individually using a basing-point system of Pittsburgh plus and Chicago plus for quoting delivered prices to purchasers, when done in the knowledge that each of the others was using the system for the purpose or with the effect of systematically matching delivered-price quotations of other sellers, and when done with the result of systematically discriminating against customers located near shipping points in favor of customers more distantly located (4452).

C. FALSE ADVERTISING OF DRUGS. DEVICES, AND COSMETICS

McFadden 3 Sisters Springs, Hot Springs National Park ,Ark.--The respondents were ordered to cease and desist from disseminating any advertisement representing that "McFadden 3 Sisters Springs mineral water flushes out accumulated poisons from the system, eliminates excess acid from the kidneys and bladder Or constitutes an effective treatment for the numerous diseases and conditions set out in the order (4940).

Brooks Appliance Co., and others, Marshall, Mich.--The corporate respondent and its officers were directed to cease disseminating advertisements of their truss device which the Commission found to be misleading and deceptive. Among the representations prohibited were those which claimed that use of the device would cure hernia and eliminate the possibility of a strangulated hernia, and that the device will not slip out of place and will assure the cessation of discomfort and worry in all cases (5072).

Helena Volay Cosmetics, Needles, Calif., and others.--The order prohibited the dissemination of advertisements which represented falsely that the cosmetic preparation designated "Helena Volay Face Oil" significantly improves the skin, causes it to become firmer and imparts to it a more youthful appearance, or that it is an effective treatment for, or will prevent the formation of, wrinkles and sagging tissues. The order was directed against the seller of the preparation and Chicago Union Advertising Agency, Inc., Chicago, which prepared and disseminated the advertisements the Commission found objectionable (4967).

Von Drug Co., Miami Beach, Fla., and others.--The corporate respondent and a number of affiliated individuals and organizations were ordered to cease disseminating advertisements which represented

that "Von Pink Tablets" constitutes an effective treatment for stomach ulcers, will prevent the formation of stomach ulcers or restore the stomach content to a more correct chemical balance (4704).

Gold Medal Harlem Oil Co., and others, Jersey City, N. J.--In connection with the advertising and sale of a medicinal preparation designated "Gold Medal Harlem Oil," the respondents were prohibited from representing that the product is harmless; that it will flush excess waste matters from the kidneys or keep the blood free from waste matter, poisons, or acids; that it is an effective treatment for weak kidneys, will restore the kidneys or bladder to a state of healthy activity or has any therapeutic value in the treatment of diseased or injured kidneys. The Commission found that the preparation is an irritant diuretic and ordered the respondents to discontinue disseminating any advertisement that fails to reveal that its indiscriminate use may interfere with the proper functioning of diseased or injured kidneys and that prolonged administration may injure normal kidneys; provided, however, that such advertisement need contain only the statement, "CAUTION: Use Only As Directed" if the directions for use on the label or in the labeling contain a warning to the same effect (4865).

Zonite Products Corporation, New York, and H. W. Kastor & Sons Advertising Co., Inc., Chicago.--The manufacturing and selling respondent in this case, Zonite Products Corporation, and its advertising agent were ordered to cease and desist from disseminating advertising matter in which false claims were made as to the effectiveness of the products "Zonite Liquid" and "Zonitors" when used as a means of feminine hygiene (4755).

Rex Diathermy Corporation, New York.--In advertising the device known as "Rex Diathermy Machine" the respondent was ordered to cease representing that, when used by unskilled laymen in treating self-diagnosed conditions, it constitutes a competent and effective treatment for rheumatism, arthritis, bronchitis, sciatica, and lumbago, or for the alleviation of pain resulting from diseases and ailments unless specifically limited to conditions which do not involve acute inflammatory processes, glandular structures or the special senses. The order further directed the respondent to cease disseminating any advertisement that fails to reveal that the device should not be used unless a competent medical authority has determined by diagnosis that the use of diathermy is indicated and has prescribed the frequency of application, and the user has been adequately instructed by a trained technician in the use of the machine (5145).

D. MISREPRESENTATION OF PRODUCTS OTHER THAN FOOD. DRUGS, MEDICAL DEVICES. AND COSMETICS

Vacu-Matic Carburetor Co., Wauwatosa, Wis.--The seller of a device for attachment to automobile engines was ordered to cease and desist from representing that its use will result in any reduction in gasoline consumption or in any increase in mileage per unit of gasoline, except in those cases where the fuel mixture, due to improper adjustments of the carburetor, is excessively rich and a small amount of additional air may serve to lean such mixture. The respondent also was required to cease representing that the use of the device will result in quicker

starting, faster acceleration or pick-up, increased power, or a smoother running engine (3388).

All-Winter Anti-Freeze Co., Columbus, Ohio.--The respondent engaged in the sale of a so-called "antifreeze" solution under the trade' names "All-Winter Anti-Freeze" and "Chem-A-Cool," advertised for use in automobile radiators, was ordered to cease and desist from representing that the product is an effective antifreeze solution which provides protection against freezing to automotive cooling systems or engines or that it is dependable or safe for use; and from advertising or selling the product without disclosing that its use may cause serious damage to the cooling system of automotive engines (5016).

Belt Oil& Chemical Corporation, and others, New York.--The Commission ordered these respondents to discontinue representing that the preparation they sell under the name "Rubber-Life" is a tire or rubber preservative or adds anything to the life or wearing qualities of rubber or automobile tires; that it penetrates the minute pores of rubber or increases its resistance to wear; or that it is a new invention which increases tire mileage and prevents deterioration of rubber (4973).

Preparatory Training Institute, Trenton, N. J.--This respondent correspondence school, engaged in selling courses of instruction in-tended to prepare students for examinations for United States Civil Service positions, was ordered to cease and desist from representing in advertisements or through its salesmen that it has any connection with the Government or controls or will obtain Government positions for its students and from exaggerating the number of Civil Service positions available or the frequency of examinations therefor. The order also prohibited the respondent from describing its salesmen as "registrars" and from using the word "Institute" to designate its school (4454).

II. ORDERS UNDER WOOL PRODUCTS LABELING ACT

James Jebaily, Inc., New York.--The order against this manufacturer of women's wearing apparel directed that it cease and desist from misbranding certain garments, in violation of the Wool Products Labeling Act, and from misrepresenting the fiber content of others, in violation of the Federal Trade Commission Act. With respect to violation of the Wool Act, the respondent was ordered to cease misbranding wool products by failing to securely attach to them a stamp, tag, label, or other means of identification showing clearly the kinds and percentages of the different fibers in the product, including the respective percentages of wool, reprocessed wool, or reused wool; the maximum percentage of any nonfibrous loading or adulterating matter; the name of the manufacturer, or his registered identification number, and the name of the seller of the product; and such other information as is required by the act and the rules and regulations promulgated thereunder.

The order also prohibited the respondent from using in advertising matter such silk-connoting words as "taffeta," "crepe," or "satin" to describe any article not composed of silk, and from advertising or selling products composed in whole or in part of rayon without clearly revealing their rayon content (5066).

III. ORDERS UNDER THE CLAYTON ACT

A. VIOLATION OF SECTION 2 (a) OF CLAYTON ACT AS AMENDED BY ROBINSON PATMAN ACT

Under section 2 (a), which prohibits discrimination in price when it may have adverse effects on competition, the Commission issued four orders to cease and desist:

The Cement Institute, Chicago, and others.--The Commission ordered Cement Institute, its officers, trustees, agents, employees, and 75 corporate members engaged in the manufacture of Portland cement, to cease and desist from entering into, continuing, cooperating in, or Carrying out any planned common Course of action, understanding, agreement, combination, or conspiracy between any two or more of them to discriminate in price between or among the customers of any of the respective corporate respondents by charging and accepting mill net p rices which systematically differ by the amounts necessary to produce delivered costs to customers identical with delivered costs available through purchases from each of the other corporate respondents (3167). (For that portion of the order which prohibits practices in violation of the Federal Trade Commission Act, see p.31.)

Dentists' Supply Company of New York, New York.--One of the largest manufacturers and distributors of artificial teeth in the United States, this company was ordered to cease and desist from discriminating in price by allowing to certain purchasers adjustments, rebates, or discounts in the form of cash or commodities while withholding the same from others competitively engaged, and from discriminating in price through other methods or means (4915).

National Biscuit Co., New York.--The order in this case directed National Biscuit Co. to cease and desist from selling bakery packaged products of like grade and quality to competing purchasers at uniform list prices and granting discriminatory discounts therefrom or otherwise discriminating in price between such purchasers except as permitted by the Robinson-Patman Act (5013).

American Art Clay Co., Indianapolis.--This manufacturer of chalk, crayon, and other supplies used for educational purposes was ordered to cease and desist from discriminating in price between different purchasers of its products of like grade and quality. The Commission found that the respondent allowed some purchasers it designated as "wholesalers" or "jobbers" a 10-percent discount in addition to the regular trade discount of 50 percent granted to all customers (5049). (or that portion of the order prohibiting violation of section 2(d) of the act, see p.36.)

B. VIOLATION OF SECTION 2 (c) OP CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

M. J. Kellner Brokerage Co., Springfield, Ill.--M. J. Kellner, trading under several firm names was ordered to cease and desist from accepting from sellers of food products anything of value as a commission, brokerage, or other compensation, or any discount or allowance in lieu thereof, upon purchases of merchandise for his own

account (4796).

Modern Marketing Service, inc., Chicago; Red & White Corporation, Buffalo, and others.--A group of wholesale grocery firms for

which Modern Marketing Service bought Red & White private brand foodstuffs and allied commodities was ordered to cease and desist from accepting from the sellers any brokerage fee or commission, or discount or allowance in lieu thereof, in connection with purchases made for or on the account of Modern Marketing Service, Inc., or any buyer or other p arty affiliated with it. The order also prohibited several sellers of food and grocery products, including Morton Salt Co., Chicago; The Quaker Oats Co., Chicago; The Diamond Match Co., New York; Wesson Oil & Snowdrift Sales Co., New Orleans; Standard Rice Co., Inc., Houston, and the Proctor & Gamble Distributing Co., Cincinnati, from paying to Modern Marketing Service Inc., or its affiliate, Red & White Corporation, anything of value as a brokerage or other commission in connection with purchases made by, for or on behalf of the wholesale buyers affiliated with Modern Marketing Service Inc (3783).

Stanley J. Remus, trading as Stanley J. Remus & Co., Chicago.--This jobber was ordered to cease and desist from accepting from sellers of canned fish anything of value as a commission, brokerage or other compensation upon purchases of canned fish or other commodities made for his own account; and P. E. Harris & Co. and Oceanic Sales Co both of Seattle, were ordered to cease and desist from paying brokerage fees to Stanley J. Remus or any other buyer upon purchases made for their accounts (4833).

Stacy Williams Co., Inc., and Bennett Brokerage Co., Inc., Birmingham, Ala.--These two corporations were ordered to cease and desist from accepting from any seller anything of value as a commission, brokerage fee or other compensation, or any allowance or discount in lieu thereof, upon their purchases of steel or glass containers, tin cans, bottles or other products bought by the respondents for their own account. Stacy Williams Co. manufacturers table syrups and purchases its requirements of steel and glass containers largely through Bennett Brokerage Co., which receives approximately 75 percent of its income from brokerage on sales to Stacy Williams Co. The Commission found there is a complete interlocking ownership of the two companies and that the income received by both is for the benefit of their respective stockholders (5087).

C. VIOLATION OF SECTION 2 (d) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

General Baking Co., New York.--In connection with the sale of bread or other bakery products the respondent company was prohibited from paying compensation to certain of its preferred customers for advertising services furnished by them without making such payments available to all competing customers on proportionally equal terms. The Commission found that the preferred customers received allowances ranging from 50 cents a week to $525 a month for advertising the respondents products (5115).

American Art Clay Co., Indianapolis.--This company, engaged in the manufacture and scale of educational supplies, was ordered to cease and desist from granting to any customer payments or other compensation for services or facilities furnished by such

customer in promoting the sale of the respondent's products unless the pay-

ments or compensation are made available on proportionally equal terms to all competing customers. In consideration of the furnishing of merchandising and selling services, selected customers designated "promotional distributors" were found to have been granted a 10-percent discount over and above the regular trade discount, which additional discount was denied to other customers willing and able to furnish the same services (5049). (For that portion of the order prohibiting Violation of section 2(a) of the act, see p. 35.)

D. VIOLATION OF SECTION 2 (f) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT

Atlantic City Wholesale Drug Co Atlantic City, N.J., and others. In addition to operating a wholesale drug and cosmetic business, the respondents in this case were found to have published a magazine for the primary purpose of obtaining favorable discriminations in p rice from manufacturers and other sellers whom they induced to purchase advertising space, with the agreement that the charges therefor were to be credited on the purchase price of merchandise bought by the respondents from such sellers. The Commission found that the discriminations thus obtained amounted to differentials in favor of the respondents of from 20 to 40 percent less than their competitors paid for merchandise of like grade and quality. The respondents were ordered to cease and desist from inducing sellers to purchase advertising space in the magazine at prices greater than its actual value from inducing sellers to discriminate in price by granting the respondents advertising allowances or of value which they do not grant to all other customers on proportionally equal terms; and from accepting any discriminatory price or the benefit of any p rice discrimination obtained in the manner prohibited by the order 4957.

E. VIOLATION OF SECTION 3 OF CLAYTON ACT

Manufacturers of rivets and rivet-setting machines.--Eight companies engaged in the manufacture and sale of tubular and bifurcated rivets, and in the manufacture of automatic machines for setting such rivets, were ordered to cease and desist from violation of section 3 of the Clayton Act, which prohibits the practice of negotiating exclusive-dealing contracts where the effect may be to substantially lessen competition or tend to create a monopoly in any line of commerce. Under the orders the respective respondents were directed to discontinue leasing or selling automatic rivet-setting machines on the condition or agreement that the lessees or purchasers shall not use in such machines any rivets other than those acquired from the respondent companies or from sources authorized by them; and to cease enforcing or continuing in effect any such condition or agreement. The orders were directed against Mileford Rivet & Machine Co., Milford, Conn.; Judson L. Thomson Manufacturing Co., Waltham, Mass.; Tubular Rivet & Stud Co., Wollaston, Mass.; Edwin B. Stimpson Co., Brooklyn; National Rivet & Manufacturing Co., Waupun, Wis.; Chicago Rivet & Machine Co., Bellewood, Ill.; Penn Rivet Corporation, Philadelphia; and Shelton Tack

Co., Shelton, Conn. (4110, 4111, 4113, 4560, 4561, 4562,4563, and 4564).

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 and tying dealing arrangements, competitive stock acquisition, and certain kinds of competitive interlocking directories.

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.

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 the employer's knowledge or consent, to obtain or holed 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 act 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 the 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 stifling 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. 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 markets to competitors; or use by trade associations of so-called standard cost systems, 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, advertising agency, or publisher.

18. Aiding, assisting, or abetting unfair practice, misrepresentation, and deception, and furnishing means or instrumentalities therefor, and combining 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 contest 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 schemes to create the impression that the customer is being offered an opportunity to make purchases under usually favorable conditions when such is not the case, such schemes including--

(a) Sales plans in which the seller's usual price is falsely rep-resented 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 part of a special advertising campaign to obtain customers, or some purpose other than the customary profit.

(g) Misrepresenting, or Causing dealers to misrepresent; the interest rate or 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 some concern, or failing to disclose the termination of such relationship, in soliciting customers of such concerns, 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, con~summation 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 devices 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 guarantees, or the right of return, or results, or refunds, replacements, or reimbursements, or special or additional advantages to the prospective purchaser, 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 com-

mitment, 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 offered.

(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 wit h 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; or

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

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

24. Selling below cost or giving product 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 c aiming 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 as being connected with a Government agency, a delivery system or in search of missing heirs.

(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 name of the manufacturer and seller as required by the Wool Products Labeling Act.

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

CASES IN FEDERAL COURTS

COMMISSION ACTIONS IN THE UNITED STATES SUPREME. CIRCUIT, AND DISTRICT COURTS

Results favorable to the Commission during the fiscal year were obtained in United States courts in 37 cases, of which 31 were before United States circuit courts of appeals and 6 before United States district courts.

The Supreme Court denied petitions for certiorari sought by respondents in four cases. In three of these, circuit courts of appeals had affirmed Commission orders, and in one a circuit court of appeals had affirmed the judgment of a district court.

Circuit courts of appeals affirmed 25 orders to cease and desist issued by the Commission (3 with modifications) and dismissed petitions for review in 5 cases. No Commission orders were set aside. In 1 case a circuit court of appeals affirmed the judgment of a district court dismissing a motion for declaratory judgment against the Commission. A district court in 1 case refused to enjoin the Commission from taking testimony in support of a complaint, and in 5 others district courts entered judgments for civil penalties totaling $22,750 for violation of Commission cease and desist orders which had become final.

Fifty petitions for review of Commission cease and desist orders were filed during the year.

PETITIONS TO REVIEW CEASE AND DESIST ORDERS

Petitions in the United States circuit courts of appeals to review cease and desist orders issued under section 5 of the Federal Trade Commission Act and sections 2 and 3 of the Clayton Act are summarized below.

(Except where otherwise indicated, cases involve violations of the Federal Trade Commission Act. United States circuit courts of appeals are designated First Circuit (Boston), etc.)

CASES DECIDED BY THE COURTS

Agricultural Insecticide & Fungicide Association, New York.--The Second Circuit (New York), by an undivided court (139 F. 2d 393), affirmed a Commission order directed against a price-fixing combina-

tion among members of the association and others. The order was upheld in toto as to all corporate petitioners and reversed only as to one director.

Associated Laboratories, Minneapolis.--A Commission order proscribing extravagant and unwarranted claims for the therapeutic value of an apparatus used in colonic irrigation and known as the "Gordon Detoxifier" was unanimously upheld by the Eighth Circuit (St. Louis) (143 F. 2d 316).

Joseph G. Branch Institute of Engineering and Science, Chicago.--The Seventh Circuit (Chicago) unanimously affirmed a Commission order prohibiting misrepresentation of a correspondence school selling courses of instruction in Latin American countries as a properly qualified and recognize d educational institution of higher learning with power to confer degrees. In its opinion (141 F. 2d 31), the court stated that "the petitioner's school is neither a university nor an institute. It has no entrance requirements, no resident students, no library, no laboratory, and 110 faculty."

Hiram, Carter, Inc., Elmhurst, Long Island, N. Y.--By agreement of the parties, the Court of Appeals (Washington, D. C.) entered its order dismissing the petition for review in this case. The basis for the Commission's acquiescence in this procedure was the filing with it of a compliance report showing modification of the petitioner's advertising in harmony with the Commission order to cease and desist from misrepresentation of medicinal preparations.

Carter Products, Inc., New York.--The District Court (Washington, D. C.), in an action instituted by this concern, refused to enjoin the Commission from taking testimony in support of a complaint charging misrepresentations concerning the therapeutic value of Carter's Little Liver Pills.

Amiel F. Decker and Mabel P. Decker, trading as Decker Products Co., Pelham, N. Y.--The Court of Appeals (Washington, D. C.), on motion of the Commission, dismissed a petition for review of a Com-mission order denying the respondents' motion to dismiss a Commission complaint charging false and misleading advertising in connection with the sale of an exhaust muffler attachment advertised as a device to save gasoline and effect other economies in the operation of automobiles.

Fresh Grown Preserve Corporation Lyndhurst, N.J., and others.--A Commission order forbidding false labeling and misbranding of preserves was approved without modification by the Second Circuit (New York) (139 F. 2d 200). A former decision in this case (125 F. 2d 917) had upheld the Commission's jurisdiction over false labeling and misbranding. The hater decision followed a remand to the Commission for the purpose of giving the petitioners opportunity to adduce additional evidence.

Greening Nursery Co., Monroe, Mich.--On stipulation of the parties, the Sixth Circuit (Cincinnati) dismissed the appeal from a Commission order directed against false and misleading advertising concerning the bud-selection method of grafting in the propagation of fruit trees. The petitioner had previously filed with the Commission a report showing revision of its advertising in compliance with the cease and desist order of the Commission.

Houbigant, Inc., Cheramy, Inc., and Houbigant Sales Corporation, New York.--The Commission order in this case was unanimously affirmed by the Second Circuit (New York) (139 F. 2d 1019) The practice condemned by the order was misrepresentation of domestically compounded perfumes as imported.

Adolph Kastor & Bros, Inc., New York.--A Commission order proscribing the petitioner's use of the terms "Scout," "Boy Scout, or "Scouting" up on or in connection with knives made or sold by it without the authorization of the Boy Scouts of America was affirmed without change by the Second Circuit (New York) (138 F. 2d 824).

Koch Laboratories, Inc., and others, Detroit.--On motion of the appellants, and without objection by the Commission, the Sixth Circuit (Cincinnati) dismissed the appeal from the temporary injunction, issued by the District Court for the Eastern District of Michigan (Detroit) at the instance of the Commission, requiring these parties to cease the dissemination of false advertisements concerning certain medicinal preparations.

Lottery cases.--Five cases involving use of lottery methods in the sale of candy and other merchandise were decided favorably to the Commission.

Three of the decisions, involving petitioners located in New York City, were by the Second Circuit (New York). After unconditionally upholding the Commission order. in the *Mitchell Cinader* case (141 F. 2d 1022), the court entered decrees affirming and enforcing similar orders in cases in which the petitioners were *Empire Merchandising Corporation and Sophie Rubman*, and *Harry Froman, trading as Supreme Sales Co. and as Reliable Premium House*. The action in the last two cases was based upon a stipulation providing for their disposition in accordance with the decision in the Cinader case.

Commission orders against *Eugene Russell Jaffe, alias E. J. Russell, trading as Sterling Sales Co. and as Craftsman Sales Co., Chicago* (139 F. 2d 112), and *Mrs. Alma Loughran and Lee R. Loughran, trading as Alma's Home Made Candies, Chicago* (143 F. 2d 431), were likewise unanimously affirmed by the Seventh (Chicago) and Eighth (St. Louis) Circuits, respectively. A petition for certiorari in the Jaffe case was denied by the Supreme Court (321 U. S. 791).

Lustberg, Nast & Co., New York.--On joint motion of the parties, the Second Circuit (New York) entered a final decree dismissing the petition for review and affirming and enforcing a Commission order directed against the use of the term "Buck Skein" in describing garments not made from the skin of a deer or elk. The company had modified its advertising to comply with the order.

Miles Laboratories, Inc., Elkhart, Ind.--The Court of Appeals (Washington, D. C.) without dissent affirmed the judgment of the district court dismissing a motion for declaratory judgment against the Commission (140 F. 2d 683). Referring to a recent decision of the Supreme Court holding that "the administrative remedy which Congress has provided must be first exhausted," the court stated: "On no subject is the opinion of that Court more * * * definitely fixed than it is on the lack of power of the courts to inject themselves or be injected into proceedings which Congress has

committed to the

primary jurisdiction of administrative agencies." A petition for certiorari was denied by the Supreme Court (322 U.S. 752).

E. B. Muller & Co. and Heinr. Franck Sons, Inc., Port Huron, Mich.--Unqualified approval of the Commission order in this case was given by the Sixth Circuit (Cincinnati) in its decision directing its affirmance and enforcement (142 F. 2d 511). The practices banned by the order are discrimination in price of granulated chicory in violation of section 2 (a) of the Clayton Act and various unfair methods of competition in violation of the Federal Trade Commission Act.

National Press Photo Bureau, Inc., Kay Hart Studios, Inc., and Bolivar Studios, Inc., New York.--A consent decree affirming and enforcing the Commission order in this case was entered by the Second Circuit (New York). The practice forbidden by the order was use of the words "National Press," etc., in the corporate name to describe a commercial photographic business, or otherwise implying that the petitioners are news or press photographers.

Philip R. Park, Inc., San Pedro Calif.--Based on a stipulation of the parties, the Ninth Circuit (S an Francisco) entered a decree clarifying, affirming and enforcing a Commission order directed against misrepresentations concerning the therapeutic value of a concentrated food (kelp) for cattle.

Parke, Austin & Lipscomb, Inc., and Smithsonian Institution Series, Inc., New York.--The Second Circuit (New York) unanimously affirmed a Commission order prohibiting misrepresentation, in connection with the sale of books, of the petitioners' relationship with the Smithsonian Institution (142 F. 2d 437).

Screen Broadcast Corporation and Albert E. Fair New York.--On withdrawal by petitioners of their petition for review, the Second Circuit (New York) entered its order dismissing the proceedings. The Commission order was directed against restraint-of-trade practices in connection with the sale of commercial motion-picture films used by national advertisers.

Segal Optical Co., New York.--The Second Circuit (New York) affirmed without change a Commission order requiring the petitioner to cease and desist from "offering for sale or selling, separately or as a part of completed reading or sun glasses, lenses or glasses which are imported from any foreign country without affirmatively disclosing thereon or in immediate connection therewith such foreign origin" (142 F. 2d 255).

Stanley Laboratories, Inc., and others, Portland, Oreg.--Unanimous approval by the Ninth Circuit (San Francisco) (138 F. 2d 388) was given to a Commission order outlawing misleading advertising of "M. D. Medicated Douche Powder."

Stephen Rug Mills, New York --By an undivided court, the Second Circuit (New York) affirmed without modification a Commission order proscribing misleading use of the word "Mills" in the petitioner's trade name (140 F. 2d 207).

Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, Philadelphia, and others.--The Seventh Circuit (Chicago) unanimously approved a Commission order directed against a combination in restraint of trade in various products used by engineers,

surveyors, and draftsmen (142 F. 2d 321). Answering the petitioners' principal contention, namely, "the lack of power in the Federal Trade Commission to control a conspiracy to fix prices and create a monopoly," the court called attention to the fact that "the Supreme Court has held that a method of price fixing, subject to criminal prosecution, under the Sherman Act, is also prohibitable under the F.T.C. Act" and "affords a legitimate basis of action by the said Commission."

Ultra-Violet Products, Inc., Los Angeles.--The Ninth Circuit (San Francisco) affirmed in toto 13 paragraphs of the Commission order, modified and affirmed another paragraph, and set aside 2 paragraphs without prejudice to their reentry in a narrower form (143 F. 2d 814). The case concerned misrepresentations of the therapeutic value of an ultraviolet ray lamp designated "Life Lite."

Warner's Renowned Remedies Co., Minneapolis.--The Commission order, which banned the petitioner's advertisements of its preparations as effective in the treatment of sterility in women, was affirmed without dissent by the Court of Appeals (Washington, D. C.) (140 F. 2d 18). A petition for certiorari was denied (322 U. S. 754).

Wholesale Dry Goods Institute, Inc., New York, and others.--The Second Circuit (New York) affirmed without qualification a Commission order directed against a combination in restraint of trade (139 F. 2d 230). The court concluded its opinion with the observation that "Not only was there 'substantial evidence' to support the [Commission's] findings, but it is impossible to see how any fair tribunal could have come to another conclusion." The petitioners' petition for certiorari was denied (321 U.S. 770).

United States v. Willard Tablet Co., Chicago.--While the Commission was not a party in this case, the decision of the Seventh Circuit Chicago) (141 F. 2d 141) affirming the judgment of the District court for the Southern District of Indiana is of interest in that it holds that proceedings before the Federal Trade Commission are res judicata.

The Wire Rope & Strand Manufacturers Association, Washington, D. C., and others.--Unanimous approval of a Commission order directing the cessation of a price-fixing combination in the nonpatented wire rope industry was given by the Fourth Circuit (Richmond) (139 F. 2d 622). In a subsequent decision, the court entered an order directing the Commission to consider and pass upon the petitioners' motion for a stay of the Commission order for the period of the war 9142 F. 2d 909).

Zenith Radio Corporation, Chicago.--By an undivided court, the Seventh Circuit (Chicago) affirmed without modification a Commission order proscribing advertisements exaggerating the range of receptivity of radio receiving sets (143 F. 2d 29). The court stated that "the Commission was not required to sample public opinion to determine what the petitioner was representing to the public. The Commission had a right to look at the advertisements in question, consider the relevant evidence in the record that would aid it in interpreting the advertisements, and then decide for itself whether the practices engaged in by the petitioner were unfair or deceptive, as charged in the complaint."

CIVIL PENALTIES UNDER THE FEDERAL TRADE COMMISSION ACT

Seven eases which had been certified to the Attorney General of the United States under section 16 of the Federal Trade Commission Act were disposed of, and judgments for civil penalties in the sum of $22750 were entered, as follows:

Dr. Emile Carpentier, Hillsdale, N. J.--District Court for the District of New Jersey; judgment for $15,000.

Certane Co. and others, Los Angeles.--District Court for Southern District of California; judgment for $750.

Gellman Bros., Minneapolis.--District Court for the District of Minnesota; judgment for $1, 500.

Herbal Medicine Co. and others, Baltimore.--District Court for the District of Maryland; judgment for $500.

Retonga Medicine Co., Atlanta, Ga.--District Court for the Northern District of Georgia; dismissed.

William C. Steffy, and others, Chicago.--District Court for the Northern District of Illinois; judgment for $5,000.

R. T. Vanderbilt Co., Inc., and others, New York.--District Court for the Southern District of New York; dismissed.

The District Court for the Northern District of Illinois (Chicago) denied the motion of the Standard Education Society and others, Chicago, to dismiss the action for civil penalties instituted by the Attorney General. The court continued the proceedings "until such time as the Commission makes its report to the Circuit Court of Appeals for the Second Circuit" where it is acting as special master to take testimony on the question of the failure of the Standard Education Society and others to comply with the Commission cease and desist order as approved by the Supreme Court (302 U.S. 112).

At the chose of the fiscal year, 12 civil penalty suits were pending in the district courts.

CASES PENDING IN THE COURTS

Acme Asbestos Covering & Flooring Co., Chicago and others.--Sixth (Cincinnati), Seventh (Chicago) and Ninth (San Francisco) Circuits, price-fixing combination in insulating materials.

American Association of Law Book Publishers, Rochester, N. Y., and others.--Second Circuit (New York), price-fixing combination in law books and related legal publications.

A. P. W. Paper Co., Inc., Albany, N. Y.--Second Circuit (New York), use of the words "Red Cross" and the mark of the Greek red cross to falsely indicate approval of the petitioner's products by the American Red Cross.

Associated Laboratories, Inc., Long Island City, N. Y.--Second Circuit (New York), misrepresentation of benefits to health and figure to be derived from use of "Kelp-A-Malt Tablets."

Atlantic Packing Co., Philadelphia.--Third Circuit (Philadelphia), misuse of the word "Packing" in trade name.

S. Buchsbaum & Co., Chicago.--Seventh Circuit (Chicago), misuse of term "Elasti-

Glass" to designate or describe merchandise made of vinylite or any other similar synthetic resinous compound.

The Cement Institute, Chicago, and others.--Seventh Circuit (Chicago), Nation-wide combination to restrain competition in the price

of Portland cement through the agreed use of a multiple basing-point delivered-price system.

Charles of the Ritz Distributors Corporation, New York.--Second Circuit (New York), unwarranted claims for benefits to be derived from use of cosmetics.

Corn Products Refining Co. and Corn Products Sales Co., New York.--Seventh Circuit (Chicago), price discriminations and restrictive-dealing contracts in violation of sections 2 and 3 of the Clayton Act.

Dearborn Supply Co., Chicago.--Seventh Circuit (Chicago), failure to reveal the harmful consequences that may result from indiscriminate use of "Mercolized Wax," a cosmetic preparation containing ammoniated mercury.

Joan Clair Gelb, known as Joan C. Vaughan, Leon A. Spilo, Stamford, Conn., and Morris Gelb, New York.--Second Circuit (New York), misrepresentation of hair dyes.

Gulf Oil Corporation, Pittsburgh.--Fifth Circuit (New Orleans), misrepresentation of effectiveness of insecticide known as "Gulf Live-stock Spray."

Howe & Co Seattle.--Ninth Circuit (San Francisco), misleading use of terms "Hollywood" and "Favorite of the Stars" in advertising and selling cosmetics not manufactured in Hollywood.

Lekas & Drivas, Inc., New York.--Second Circuit (New York), misrepresentation of therapeutic properties of olive oil.

Mickel Lipman and Jack Silverman, trading as Chief Statistician and as J. Silverman & Associates, San Francisco, and William Edgar Spicer, Washington, D. C.--Ninth Circuit (San Francisco), in connection with the sale and distribution of mailing cards designed for use in obtaining information concerning debtors, misrepresentations as to nature of business and alleged connection with United States Government.

Andrew J. Lytle and Richard Carl Lytle, trading as Vocational Placement Bureau, Debtors Finance Bureau, and Bureau of Records of Employment, Akron, Ohio, and William Edgar Spicer, Washing-ton, D. C.--Sixth Circuit (Cincinnati), in connection with the sale and distribution of mailing cards designed for use in obtaining information concerning debtors, misrepresentations suggesting connection with United States Government.

Manhattan Brewing Co., Chicago.--Seventh Circuit (Chicago), misleading use of words "Canadian" and "Wisconsin" in brand or trade names for beer or ale not brewed in Canada or Wisconsin.

The Milk & Ice Cream Can Institute, Cleveland, and others.--Seventh Circuit (Chicago), price-fixing combination.

Modern Marketing Service, Inc., Chicago, and others.--Seventh Circuit (Chicago), violation of section 2 (c), the brokerage section, of the Robinson-Patman Act.

Modernistic Candies, Inc., Chicago.-Seventh Circuit (Chicago), lottery methods in sale of chewing gum.

Samuel H. Moss, Inc., New York.--Second Circuit (New York), discrimination in price of made-to-order rubber stamps, in violation of section 2 (a) of the Robinson-Patman Act.

National Crepe Paper Association of America, Philadelphia, and others.--Seventh Circuit (Chicago), price-fixing combination in crepe paper products.

Post Institute Sales Corporation, and others, New York.--Second Circuit (New York), false and misleading advertising of hair and scalp preparations.

Progress Tailoring Co., Chicago.--Seventh Circuit (Chicago), false and misleading advertising in connection with the sale of men's clothing.

Segal Lock & Hardware Co., Inc., New York, and others.--Second Circuit (New York), misrepresentation of the "pick-proof" properties of petitioners' locks.

Jacob Siegel Co., Philadelphia.--Third Circuit (Philadelphia), misleading use of the name "Alpacuna" to designate overcoats and topcoats containing no vicuna fiber.

Jack Silverman, trading as J. Silverman & Associates, General Forwarding System, and Commercial Pen Co., San Francisco.--Ninth Circuit (San Francisco), in connection with the sale and distribution of mailing cards designed for use in obtaining information concerning debtors, misrepresentations with reference to nature of business.

A. E. Staley Manufacturing Co. and The Staley Sales Corporation, Decatur, Ill.--Seventh Circuit (Chicago), discriminations in delivered price of glucose, in violation of section 2 (a) of the Robinson-Patman Act. After the case was remanded to the Commission "for further consideration and hearings, if necessary" (135 F. 2d 453), the Commission filed with the court its modified findings as to the facts, and the matter was rebriefed and reargued.

Standard Education Society and others, Chicago.--Second Circuit (New York), misrepresentations in connection with the sale of encyclopedias. By direction of the court, and in its capacity as special master, the Commission took testimony concerning alleged violations of a Commission order previously affirmed (302 U.S. 112).

Stetson Felt Mills, St Paul.--Eighth Circuit (St. Louis), misrepresentations in connection with the sale of rugs.

Judson L. Thomson Manufacturing Co., Waltham, Mass.--First Circuit (Boston), violation of section 3 of the Clayton Act in connection with the sale of rivets and rivet-setting machines.

J. E. Todd, Inc., Kenmore, N. Y.--Court of Appeals (Washington, D.C.), false claims for therapeutic value of medicinal preparation designated "Todd's Capsules."

United States Maltsters Association, Chicago, and others.--Seventh Circuit (Chicago), price-fixing combination.

United States Steel Corporation, American Bridge Co., Carnegie-Illinois Steel Corporation, American Steel & Wire Company of New Jersey, and Tennessee Coal, Iron & Railroad Co.--Third Circuit (Philadelphia) and Fifth Circuit (New Orleans), use of "Pittsburgh plus" prices for rolled-steel products in violation of the Clayton and Federal Trade Commission Acts.

TABLES SUMMARIZING WORK OF THE LEGAL DIVISIONS AND COURT PROCEEDINGS, 1915-44

TABLE 1.--*Preliminary inquiries*

FISCAL YEAR ENDED JUNE 30, 1944	30, 1944
Pending beginning of year	85
Instituted during year	62
Total for disposition	147
Consolidated with other proceedings	4
Closed after investigation	69
Docketed as applications for complaints	17
Total disposition during year	90
Pending end of year	57

CUMULATIVE SUMMARY, 1915 TO JUNE	30, 1944
Inquiries instituted	29,036
Consolidated with other proceedings	55
Closed after investigation	20,862
Docketed as applications for complaint	8,062
Total disposition	28,979
Pending June 30,1944	57

TABLE 2.--*Applications for complaints*

FISCAL YEAR ENDED JUNE 30, 1944	30, 1944
Pending beginning of year	947
Applications docketed	615
Rescissions:	
To complaints	0
Settled by stipulation to cease and desist	1
Settled by acceptance of TPC rules	0
Consolidated with other proceedings	0
Dismissed	0
Closed without further proceedings [1]	0
Total for disposition	1,563
To Complaints	173
Settled by stipulations to cease and desist	271
Settled by acceptance of TPC rules	0
Consolidated with other proceedings	10
Dismissed	0
Closed without further proceedings [1]	281
Total disposition during year	735

CUMULATIVE SUMMARY, 1915 TO JUNE	30, 1944
Applications docketed	18,988
Rescissions:	
To complaints	10
Settled by stipulations to cease and desist	223
Settled by acceptance of TPC rules	6
Consolidated with other proceedings	0
Dismissed	81
Closed without further proceedings [1]	42
Total for disposition	19,350
To complaints	4,716
Settled by stipulations to cease and desist	6,213
Settled by acceptance of TPC rules	97
Consolidated with other proceedings	132
Dismissed	3,863
Closed without further proceedings [1]	3,501

		Total disposition	18,522
Pending end of year	828		
		Pending June 30, 1944	828

1 This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 3.--Complaints

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1015 TO JUNE 30, 1944	
Pending beginning of year	404	Complaints	5,185
Complaints docketed	195	Rescissions:	
Rescissions:		Orders to cease and desist	64
Orders to cease and desist	1	Settled by stipulations to cease and desist	1
Settled by stipulations to cease and desist	0	Settled by acceptance of TPC rules	0
Settled by TPC rules	0	Dismissed	11
Dismissed	0	Closed without further proceedings [1]	2
Closed without further proceedings [1]	1	Total for disposition	5,268
Total for disposition	601	Complaints rescinded	12
Complaints rescinded	0	Orders to cease and desist	3,606
Orders to cease and desist	124	Settled by stipulations to cease and desist	58
Settled by stipulations to cease and desist	1	Settled by acceptance of TPC rule.	24
Settled by acceptance of TPC rules	1	Dismissed	923
Dismissed	14	Closed without further proceedings [1]	192
Closed without further proceedings [1]	13	Total disposition	4,815
Total disposition during year	153	Pending June 30,1944	448
Pending end of year	448		

[1] This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 4.--*Court proceedings-orders to cease and desist-petitions for review-lower courts*

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1944	
Pending beginning of year	35	Appealed	848
Appealed	26	Decisions for Commission	163
Total for disposition	61	Decisions for others [1]	96
Decisions for Commission	25	Petitions withdrawn	56
Decisions for others	0	Total disposition	315
Petitions withdrawn	8	Pending June 80, 1944	33
Total disposition during year	28		
Pending end of year	33		

[1] This table lists a cumulative total of 96 decisions in favor of the respondents in Commission cases before the United States Circuit Courts of Appeals. However, the Grand Rapids furniture (veneer) group (with 25 different docket numbers) was in reality 1 case, with 25 different subdivisions. It was tried, briefed, and argued as 1 case and was so decided by the court of appeals. The same held true of the curb-pump group (with 12 different subdivisions), the Royal Milling Co. group (with 6 different subdivisions), and the White Pine cases (12 subdivisions). In reality, therefore, these 55 docket numbers mean but 4 cases; and, if cases and not docket

numbers are counted, the total decisions in favor of the respondents would be 45.

NOTE-During the period 1919-38, inclusive, 58 petitions by the Commission for enforcement of orders to cease and desist were passed upon by courts. Of these proceedings, 54 were decided in favor of the Commission, 4 in favor of adversaries. Petitions for enforce-meat were subsequently made unnecessary by amendment of the Federal Trade Commission Act making orders finally effective unless review is sought by respondents within 60 days after service of an order.

TABLE 5.--*Court proceedings--orders to cease and desist-petitions for review--Supreme Court of the United States*

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1944	
Pending beginning of year	0	Appealed by Commission	46
Appealed by Commission	0	Appealed by others	40
Appealed by others	3		
		Total appealed	86
Total for disposition	8	Decisions for Commission	27
		Decisions for others	13
Decisions for Commission	0	Petitions withdrawn by Commission	2
Decisions for others	0	Certiorari denied Commission	9
Petitions withdrawn by Commission	0	Certiorari denied others	35
Certiorari denied Commission	0		
Certiorari denied others	3	Total disposition	86
Total disposition during year	3	Pending June 30, 1944	0
Pending end of year	0		

TABLE 6.--*Court proceedings.--mandamus--injunction, etc.--lower courts*

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1944	
Pending beginning of year	0	Instituted by Commission	71
Instituted by Commission	0	Instituted by others	40
Instituted by others	5		
		Total instituted	111
Total for disposition	5	Decisions for Commission	82
		Decisions for others	18
Decisions for Commission	2	Petitions withdrawn by Commission	4
Decisions for others	1	Petitions withdrawn by others	7
Petitions withdrawn by Commission	0		
Petitions withdrawn by others	2	Total disposition	111
Total disposition during year	5	Pending June 30, 1944	0
Pending end of year	0		

TABLE 7.--*Court proceedings--man damns, injunction, etc.-Supreme Court of the United States*

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1944	
Pending beginning of year	0	Appealed by Commission	8
Appealed by Commission	0	Appealed by others	3

Appealed by others	1
Total for disposition	1
Decisions for Commission	0
Decisions for others	0
Certiorari denied Commission	0
Certiorari denied others	1
Total disposition during year	1
Pending end of year	0

Total appealed	11
Decisions for Commission	2
Decisions for others	5
Certiorari denied Commission	1
Certiorari denied others	3
Total disposition	11
Pending June 30 1944	0

PART III. TRADE PRACTICE CONFERENCES

UNFAIR COMPETITIVE PRACTICES PREVENTED THROUGH COOPERATION UNDER RULES FOR INDUSTRIES

For the purpose of maintaining free and fair competition in trade and commerce, aiding business and protecting the public interest, trade practice rules for industries are established by the Commission under its trade practice conference procedure. The procedure provides a cooperative method of preventing unfair competitive practices, monopolistic restraints, and other trade evils in conflict with the laws administered by the Commission. Trade practice rules established thereunder constitute constructive guides to industry and afford protection to business and the buying public.

The procedure involves the holding of industry conferences followed by hearings of all affected parties in voluntary participation with the Commission in a joint undertaking to formulate and put into effect fair trade practice rules. When approved by the Commission, the rules are promulgated as standards of fair competition for the respective industries to which they apply. Practices which are unfair or deceptive and prohibited by laws administered by the Commission are defined and cataloged in the rules and provision is made for their elimination. In addition, a set of rules frequently defines and sanctions certain trade methods in a particular industry as being proper and conducive to sound business practices in harmony with law and the public interest.

Under the trade practice conference procedure the voluntary cooperation of members of industry is enlisted and utilized as an effective force in the wholesale elimination of unfair and illegal methods of competition. This results in substantial sayings to the Government and to business, as the necessity of instituting legal proceedings against many individual offenders is thereby obviated.

The substantial good achieved by the trade practice rules now in effect for approximately 150 industries points to the possibilities of future developments in this field for the benefit of the national economy. To this end numerous additional industries are directing their attention to the matter of the establishment of trade practice rules as an effective means of insuring fair competition in the post-war period.

Trade practice conference procedure.--The procedural steps and requirements applicable to industry proceedings, for the establishment of trade practice rules are covered in the Commission's Rules of Practice. These are made available in leaflet form to persons concerned. Any interested party or group in an industry, large or small, may apply to the Commission for conference proceedings to establish rules of fair practices. No special formality is required in making such applications. A letter or other communication requesting that the Commission initiate conference proceedings will suffice.

Prior to making such application for conference proceedings, trade committees, industry members, or other parties in interest may meet with the Commission's staff for the purpose of obtaining a full understanding of the proceedings and their objectives. After application is made, similar preliminary discussions are usually had with members of the Commission's staff, thus providing guidance and assistance in working out constructive solutions of the various competitive problems. In the course of the proceedings, industry-wide conferences are held and, before final approval by the Commission of any rules, public hearings on proposed rules are bad to afford all interested or affected parties opportunity to present their views, suggestions or objections, and to appear and be heard.

Trade Practice Conference Division.--This division conducts the various activities relating to trade practice rules, the holding of industry conferences, administration and compliance work, and all other duties incident to the trade practice conference procedure. This division also is charged with the duties relating to administration of the Wool Products Labeling Act and the rules and regulations promulgated thereunder (see p.61.)

GROUP I AND GROUP II RULES DEFINED

Trade practice rules as finally promulgated are classified by the Commission as Group I and Group II rules, respectively.

Group I rules.--The unfair trade practices which are embraced in Group I rules are considered to be unfair methods of competition, unfair or deceptive acts or practices, or other illegal practices, prohibited under laws administered by the Federal Trade Commission, as construed in the decisions of the Commission or the courts; and appropriate proceedings in the public interest will be taken by the Commission to prevent the use, by any person, partnership, corporation, or other organization subject to its jurisdiction, of such unlawful practices in commerce.

Group II rules.--These rules embrace the wholly voluntary or recommended industry practices as distinguished from mandatory requirements. No such industry rule is received by the Commission unless the provision is in harmony with law and the public interest, and is constructively in support of the maintenance of fair competitive conditions in the industry.

INDUSTRY RULES IN EFFECT AND UNDER CONSIDERATION

The approximately 150 industries operating under fair trade practice rules are of diverse character. Practices covered by such rules are likewise of great variety (see pp.57 to 59, inclusive). The work of the division in connection therewith covered the necessary compliance activities, interpretation of rules and their application to specific situations arising in respective industries. The codified provisions aggregate many hundreds of rules. As an illustration the last 60 industries listed have a total of 1,064 separate rules, of which 911 are in Group I and 153 in Group II.[1]

[1] Rules when promulgated for an industry are issued in pamphlet form and are available to interested parties upon application to the Commission. A 1-volume compilation (287 pp.) of the various sets of rules promulgated for different industries from Sept. l. 1935, to Aug.31, 1939, may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C., for 80 cents a copy.

Trade practice conferences were held by the Commission during the fiscal year for the musical instrument and accessories industry, the water heater industry, the hearing aid industry, and the razor and razor blade industry. At the conferences suggested trade practice rules, designed to bring about the elimination and prevention of unlawful practices and trade abuses, were adopted by the members of the respective industries and submitted to the Commission for consideration and approval. Final rules were promulgated for the catalog jewelry and gift are industry and for the musical instrument and accessories industry. At the close of the year proposed rules for the water heater, hearing aid, and razor and razor blade industries were being prepared for publication and issuance to members of the respective industries, who will have opportunity to submit to the Commission their views, suggestions, amendments, or objections regarding the rules.

Proceedings for various other industries were pending at the close of the fiscal year in different stages of advancement. The competitive problems involved in the several proceedings under study are extensive in their tendencies and effects. Numerous preliminary conferences were had with industry representatives and committees regarding such proceedings or concerning matters affecting the general administration of rules as promulgated by the Commission. In addition, necessary contact with the industries was maintained, particularly as to effecting compliance with the provisions and in affording assistance to industry members in the proper application and observance of the rules.

Throughout the year widespread compliance with the rules was manifested by members of industry. In cases of practices allegedly in conflict with the rules, correction or adjustment was accomplished through cooperative effort in nearly all instances. A primary objective of the trade practice rules was demonstrated in the results obtained, namely, the wholesale elimination and abandonment of unfair competitive methods without the expense of litigation. In the few instances where compulsory proceedings were necessary to effect correction, appropriate action to that end was taken.

TYPES OF PRACTICES COVERED IN APPROVED RULES

Following are illustrations of the variety of subjects covered by trade practice rules now in effect:

Misbranding; misrepresentation in various forms, including false or misleading advertising; deceptive packaging; defamation of competitors or disparagement of their products; impersonation or misrepresentation to obtain competitors' trade secrets; price discriminations to injure, prevent, or destroy competition; discriminations and harmful practices in matters of rebates, refunds, discounts, credits, brokerage, commissions, services, etc.; commercial bribery; inducing breach of competitor's contract; false invoicing; imitation of competitor's trade-marks, trade names, brands, etc.; substitution and off; deceptive use of so-called "free goods" deals; deceptive pricing; lottery schemes; use of consignment distribution to close competitors trade

outlets; use of deceptive types of containers simulating standard and generally recognized types; use of deceptive depictions (photographs, engravings, cuts, etc.) in describing industry products; selling below cost with the purpose and effect of suppressing competition,

restraining trade, or creating a monopoly ; and use of "loss leaders" as a deceptive or monopolistic practice.

Other subjects embraced in the rules are: Enticing away employees of a competitor; giving "push money," "gratuities," etc., under circumstances involving commercial bribery, deception, or restraint of trade use of misleading guarantees, price quotations, price lists, terms of sale, etc.; full-line forcing as a monopolistic weapon; combinations or conspiracies to fix prices, suppress competition, or restrain trade; unfair bidding methods; misrepresentation as to possible earnings or opportunities afforded on completion of correspondence school courses, or as to Government connection with, or endorsement of, any school, or respecting any training or services offered by such school; falsely representing offers as "special" or "limited"; deceptive sales of regular lines as "close-outs" to induce belief bargains are available; representing products as conforming to recognized industry standards when such is not the fact ; misuse of such words or terms as "perfect," "perfect cut," "commercially perfect," "real," "genuine," "natural," etc., in describing precious stones or their imitations; misuse of term "Crookes" as applied to sun glasses; misrepresenting kind, quality, thickness, or backing of mirrors; use of fictitious animal designations in description of furs; misrepresenting character, extent, or type of business engaged in; representing retail prices as wholesale; use of false or deceptive testimonials.

Also misuse of terms "pullorum tested," "blood tested," etc., as applied to baby chicks; deceptive use of the terms "water proof," "water repellent," 'dust proof" or "warp proof," as applied to luggage or related products; false representations respecting tube capacity of radio sets and their range or receptivity; misuse of such terms as "all-wave," "world-wave," "world-wide wave," etc.; misuse of words or terms "bristle," "pure bristle," etc., in sale of toilet brushes; deceptive use of "help wanted" or other employment columns in publications ; interfering with competitor's right of purchase or sale ; representing domestic products as imported, or imported products as domestic; use of misleading or deceptive representations in procuring sales representatives; use of deceptive titles or names in selling books under the subscription plan; misusing terms relating to types of construction or weave of textiles; misuse of terms "extra fancy," "extra select," "extra quality," "deluxe," "choice," etc., to describe tuna fish products; misuse of the words or terms "lisle cotton," "cotton lisle," "crepe," etc., to describe hosiery products ; deceptive use of terms "hand spun," "hand woven," "hand loomed," "hand painted," and "hand embroidered" in describing linen products; and various other forms of misrepresentation, including false or misleading advertising and deceptive labeling respecting the quantity, quality, grade, size, material, content, composition, origin, use, manufacture, preparation, or distribution of any industry product; and aiding or abetting another in the use of an unfair trade practice.

Various other rules provide for disclosure of fiber content and proper marking of textile merchandise made of rayon, silk, or linen, or of two or more fibers containing either rayon, silk, or linen ; disclosure as to remaining shrinkage in so-called preshrunk merchandise ; disclosure of fact that apparently new products are not new, but are

second-hand, rebuilt, or renovated ; disclosure that products are arti-

ficial or imitations and not real or genuine; disclosure of origin of imported products; prevention of marketing of substandard or imitation products as and for the standard or genuine, and the specification of minimum requirements for standard of genuine products; proper nomenclature for industry products; and disclosure as to true composition of paint and varnish brushes, as to imperfect or defective merchandise, as to use of adulterant or substitute for linseed oil in respect to putty products, as to presence of metallic weighting in silk or silk products, as to minimum yardage of ribbons, as to true functions of radio parts and accessories, and as to quality, quantity, and size of ripe olives packed in cans and other opaque containers.

INFORMATIVE LABELING

Informative labeling enters extensively into the work of the Commission under the trade practice conference rules. It is also a primary objective of the Wool Products Labeling g Act which is administered by the Commission (see p.61). Fiber identification, or what is generally referred to as "Truth in Fabrics," forms a large part of such informative labeling work. While consumer goods containing or purporting to contain wool are subject to Wool Act labeling, similar fiber identification of other textiles, and informative labeling of various lines of merchandise outside the field of textiles, are covered by trade practice conference 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 enabling them to be 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.

Constructive results of far-reaching character flow from the informative labeling rules established under trade practice conference procedure.

Products containing rayon in whole or ion part are covered by the rules for the rayon industry, promulgated October 26, 1937. Those containing silk in whole or in part are covered by the rules for the silk industry, issued November 4, 1938. Corresponding rules for linen and part-linen merchandise were promulgated February 1 1941. Informative labeling for all types of hosiery is the subject of the trade practice rules for the hosiery industry, issued May 15, 1941. Similar rules covering fur garments and fur products generally were promulgated June 17, 1938. Informative labeling provisions on the subject of shrinkage of woven cotton merchandise were put into effect June 30, 1938. Other textile provisions are found in the rules promulgated for the infants' and children's knitted outerwear industry, June 28, 1939; uniform industry, May 18, 1940; and ribbon industry, June 30 1942.

Established informative labeling provisions also are contained in the different sets of trade practice rules promulgated for the following industries on the dates mentioned:

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Putty manufacturing, June 30, 1939; mirror manufacturing, July 19, 1939; luggage and related products, September 17, 1941; paint and varnish brush manufacturing, January 14, 1939; wholesale jewelry, March 18, 1938; curled hair, January 12, 1940; toilet brush manufacturing, December 31, 1937; rubber tire, October 17, 1930; and sun glass, December 23, 1941.

Rules providing for informative disclosure in advertising and selling methods also have been issued for such industries as tomato paste manufacturing, September 3, 1938; sardine, March 5, 1940; tuna fish, August 27, 1940; and macaroni, noodles, and related products, July 7, 1938.

PART IV. WOOL PRODUCTS LABELING ACT

INFORMATIVE LABELING FOR PROTECTION OF INDUSTRY AND THE PUBLIC

The Wool Products Labeling Act, approved by the President October 14, 1940, became effective July 14, 1941. Administration and enforcement of the act is committed to the Commission. The statute provides for the labeling of products which contain, purport to contain, or are represented as containing "wool," "reprocessed wool," or "reused wool" and which are manufactured for, pr introduced in, "commerce" as defined in section 2.

Disclosure of the kinds and percentages of the different fibers of which the article is made, including the respective percentages of "wool," "reprocessed wool," and "reused wool," is required in respect of woolen clothing, blankets, and other wool products, excepting carpets, rugs, mats, and upholsteries exempted by section 14 of the act. The label affixed to the product also is required to be identified with the name of the manufacturer or the name of the qualified distributor or reseller. Maximum percentage of loading and adulterating material is likewise to be disclosed on the label, if any has been placed in the goods. The required label or mark or a proper substitute specified by the statute is to remain on the merchandise until it reaches the consumer.

Protection of honest business and of the consuming public through safeguarding of fair practices in merchandising is a primary objective of the law. Its provisions are directed against the evils of nondisclosure of fiber content, of misinformation and misbranding, of irresponsible labeling, and the like, with the purpose of eliminating the economic waste, harmful exploitation, and unfair competitive effects of such evils. In short, the act brings to the public, to business and to all concerned the benefits of informative labeling or what is commonly referred to as "Truth in Fabrics." Members of industry and of the distributing trades are likewise finding and recognizing the great benefits afforded by the law in protection of business and the public against fraud or deception.

Products to which the act applies embrace all articles of clothing or wearing apparel made or purporting to be made in whole or in part of wool. Such clothing and woolen merchandise generally are indispensable to the daily needs of the entire population and essential to the health and well-being of men, women, and children in all walks of life. Honesty and fair dealing in the production and distribution of such vital commodities is necessarily a matter of prime importance to the public. These products come from approximately 70 industries and are marketed through distributor and dealer outlets estimated to number in excess of 250,000.

Wool Act rules and regulations.--Under the Wool Products Labeling Act the Commission is authorized and directed to issue rules and

regulations necessary and proper for its administration and enforcement. Pursuant thereto, a comprehensive set of rules and regulations was issued by the Commission, effective July 15, 1941. These have been published in booklet form and are available to all concerned. They afford instruction and guidance as to how those subject to the act may proceed in various situations and assure themselves of being within the requirements of the law in ap plying the proper label to their respective wool products.[1] Collaboration of industry members and other interested parties was invited in the preparation of the rules and regulations. Hearings were held and all concerned were afforded opportunity to contribute their views and suggestions in arriving at rules which would be of maximum assistance to business and be consonant with law, and would also afford full protection of the public interest. The cooperation of members of industry and others was of material assistance to the Commission.

Manufacturers' registered identification numbers.--The Commission, in rule 4 of the regulations, affords manufacturers of wool products residing in the United States opportunity to have assigned to them manufacturers' registered identification numbers. Such a number may be used upon the manufacturer's label in lieu of his name as a means of identifying the manufacturer when the label carries the name of the retailer or dealer. At the close of the fiscal year, and pursuant to their applications duly filed under this rule, 4,762 manufacturers had been assigned registered identification numbers.

Continuing guaranties.--As a means of protecting distributors, dealers, and other resellers from the charge of misbranding when relying in good faith upon the manufacturer's statement of content, provision is made in section 9 of the act whereby such protection may be afforded by a guaranty on the part of the supplier. It may be either (1) a separate guaranty specifically designating the wool product guaranteed, or (2) a continuing guaranty filed with the Commission applicable to all products hand led by a guarantor and in such form as the Commission may prescribe. The form prescribed by the Commission is set forth in rule 33 of the rules and regulations. At the close of the fiscal year, 4,461 continuing guaranties had been properly filed with the Commission under the provisions of the act and the regulations. These have been duly recorded and are maintained as documents open to public inspection.

Enforcement.--In cases requiring formal proceedings, the Commission has employed in most instances the Federal Trade Commission Act procedure. The use of this procedure, which is authorized by the Wool Act, has proved adequate and effective without the necessity of resorting, to any large extent, to the supporting peremptory remedies specifically provided by the Wool Act. In cases of deliberate or wilful violations, these penal proceedings under the Wool Act may be applied.

Administrative compliance work includes inspections, examinations, and correction of labeling practices of specific concerns. Inspections of labeling during the year concerned manufacturers, distributors, and other marketers to the extent of several thousands. Field inspections covered in excess of 4 1/2 million articles. Compliance in cases of

[1] The Commission has issued a publication (W-31) setting forth Illustrations, with explanatory matter, 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 application to the Commission.

improper labeling under the act was for the most part effected through cooperative effort and voluntary action on the p art of the respective concerns involved, thus avoiding the necessity of resorting to compulsory remedy to protect the public interest. Relatively few cases have arisen in which voluntary cooperative action has not been sufficient to effect correction and where it has been necessary to invoke mandatory relief. [2]

The administrative compliance work proved both effective and economical in the large volume of instances arising in which the manufacturer or other concern involved was desirous of complying fully but needed guidance and assistance in understanding the requirements and putting them into operation in his plant or business. The administrative inspection work under the act became increasingly necessary to prevent the unscrupulous practice of removing or mutilating the required labels to conceal the facts with the effect of deceiving or defrauding the buying public. While cooperative and good-faith compliance is apparent in respect to the vast majority of vendors, constant vigilance and scrutiny must be maintained against the dishonest whose manipulations not only deceive and defraud the consuming public, but impose a heavy burden of unfair competition upon the law-abiding and scrupulous.

2 For complaints alleging violations of the wool Products Labeling Act, see p.29.

PART V. RADIO AND PERIODICAL ADVERTISING

SPECIAL PROCEDURE PROVIDES CONTINUOUS SURVEY OF PUBLISHED AND BROADCAST MATTER

The Commission maintains its Radio and Periodical Division to provide a direct and expeditious handling of certain cases involving false and misleading advertising, violative of the provisions of the Federal Trade Commission Act.

Advertisers, publishers, broadcasting stations, and advertising agencies are accorded the privilege of dealing directly with the Director of the Division, with a view to reaching an agreement in such cases as are appropriate for negotiating a stipulation, thereby disposing of the issues involved and obviating the necessity of formal trial.

When the survey of advertising was inaugurated by the Commission in 1929, it was limited to magazines and newspapers. Expanded in 1934 to cover commercial continuities broadcast by radio, the survey since 1939 also has included mail-order catalogs, almanacs, and foreign-language newspapers. Questioned advertisements noted in these surveys form the bases of prospective cases not previously investigated and also provide a means of determining whether advertisers who have been ordered by, or have stipulated with, the Commission to discontinue false and misleading representations are complying.

In cases where the advertising is determined by the Commission to be false or misleading and circumstances warrant, the advertisers are extended the privilege of disposing of the matters through an informal procedure, more fully explained on page 85, which permits their executing stipulations to cease and desist from the use of the acts and practices involved. A large majority of the cases are adjusted in this manner.

In certain cases involving drugs, devices, and cosmetics, the Commission negotiates stipulations inhibiting the publication of advertisements which do not disclose the potential harmful effects which may be experienced from the use of the products. In lieu of the publication in the advertising of a full statement of such harmful effects, these stipulations permit the publication of the statement, "CAUTION: Use Only As Directed," if and when the directions for use which appear on the label or in the labeling carry an adequate disclosure of the probable harm.

In cases where advertising agencies have prepared or participated in the preparation of advertisements found objectionable, they are included as parties to the stipulation.

In this phase of its activity, the only object of the Commission is to prevent false and misleading advertisements. It does not undertake to dictate what an advertiser shall say, but merely indicates what he may not say under the law. The Commission believes its work in this field has contributed substantially to the improvement that has been evident in recent years in the character of all advertising.

Newspaper and magazine advertising.--In examining advertisements in current publications, it has been found advisable to call for some newspapers and magazines on a continuous basis due to the persistently questionable character of the advertisements published. However, as to publications generally, of which there are some 19,500, it is physically impossible to survey continuously all advertisements of a doubtful nature; also, it has been found unnecessary to examine all the issues of publications of recognized high ethical standard whose publishers carefully censor copy before acceptance.

Generally, copies of current magazines and newspapers are 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 depending upon its circulation and the character of its advertisements.

Through such systematic calls during the fiscal year ended June 30, 1944, the Commission procured 1,792 editions of representative newspapers of established general circulation and 907 editions of magazines and farm and trade journals of interstate distribution. Among these periodicals were included 93 issues of farm journals, 86 issues of trade journals and specialty publications, and 63 issues of domestic foreign language publications

In these newspapers, magazines, and farm and trade journals, 298,970 advertisements were examined, of which 21,781 were noted as containing representations that appeared to warrant investigation as to the facts.

Almanac advertising--The Commission examines almanacs of wide distribution which are used as advertising media by distributors of drugs, devices, and other commodities sold for the treatment of various ailments. This survey covered the examination of 1,304 pages of almanac advertising in which 211 advertisements were set aside as war-ranting further investigation.

Mail-order advertising.--The Commission procured mail-order catalogs and circulars containing an aggregate of 8,603 pages, examination of which resulted in 358 advertisements being marked as containing possibly false and misleading representations. Of the 54 mail-order houses included in the survey, 5 had combined annual sales in excess of $1,628,379,709.

Radio advertising.--Commencing July 1, 1943, and for the duration of the war, the Commission is issuing calls twice yearly for each individual radio station instead of four times yearly, as formerly. National and regional networks respond on a continuous weekly basis, submitting copies of the commercial advertising parts of all pro-grams wherein linked hook-ups are used involving two or more stations. Producers of electrical transcription recordings each month submit typed copies of the commercial portions of all recordings produced by them for radio broadcast. This material was supplemented by periodic reports from individual stations listing the programs of recorded commercial transcriptions and other data.

The Commission received copies of 630,800 commercial radio broadcast continuities and examined 627,719. The continuities received amounted to 1,527,500 typewritten pages and those examined totaled 1,523,000 pages, consisting of 683,570 pages of network script, 809,430 pages of individual station script, and 30,000 pages of script representing the built-in advertising portions of transcription recording

productions destined for radio broadcast through distribution individual stations. of multiple pressings of such recordings to individual stations. An average of 4,866 pages of radio script was read each working day. From this material, 19,512 advertising broadcasts were marked for further study as containing representations that might be false or misleading.

Cooperation of radio and publishing industries.--In general, the Commission has received the cooperation of the 4 Nation-wide network chains, 19 regional network groups, and transcription producers engaged in preparing commercial radio recordings; and of 850 commercial radio stations, 504 newspaper publishers, and 458 publishers of magazines, farm journals, and trade publications. It has observed a desire on the part of these broadcasters and publishers to aid in the elimination of false and misleading advertising.

Sources of radio and periodical cases.--During the fiscal year 94 percent of the radio and periodical cases resulted from the routine survey of advertising material as described above and 6 percent from complaints by or information received from other Government agencies, competitors, and other members of the public.

Analysis of questioned advertising.--An analysis of the questioned advertisements, which were assembled by cases and given legal review, discloses that they pertained to 1,902 commodities in the proportions indicated below:

CLASSIFICATION OF PRODUCTS

Commodity	*Percent*	
Food, drugs, devices, and cosmetics:		
Food (human)	8.4	
Food (animal)	2.9	
Drugs	55.9	
Cosmetics	15.4	
Devices	1.2	
		83.8
Other products:		
Specialty and novelty goods	1.4	
Automobile, radio, refrigerator, and other equipment	.3	
Home study courses	.9	
Tobacco products	.9	
Gasoline and lubricants	.4	
Miscellaneous, including apparel, fuels, house furnishings, building materials	12.3	
		16.2
Total		100.0

Number of cases handled.--During the fiscal year contact letters were sent to advertisers in 299 cases, and the Commission accepted 113 stipulations involving radio and periodical advertising, of which 8 were amended, substitute or supplemental

stipulations. In 34 of the stipulations advertising agencies signed jointly with the advertisers.

A total of 216 cases was disposed of by various methods of procedure. Of this number, 98 were considered settled upon receipt of reports or other evidence showing compliance with previously negotiated stipulations; 16 supplemental investigations were filed without action for various reasons; and 61 cases were closed without prejudice to the right of the Commission to reopen if warranted by the facts, 20 of them for lack of jurisdiction or lack of evidence sufficient to

establish a violation of law, 37 because of voluntary discontinuance of the practices or insufficient public interest, and 4 because of discontinuance of the practices resulting from corrective action taken by the Post Office Department t. In 29 cases the Commission directed issuance of formal complaint, 22 wherein advertisers failed to tender acceptable stipulations agreeing to cease the alleged misrepresentations, and 7 wherein for various reasons the privilege of stipulation was not extended to the advertisers. Field investigations were ordered in 10 cases, 1 was referred to the Chief Trial Examiner and 1 to the Trade Practice Conference Division.

The Commission filed without action 28 applications for complaint and referred 8 such applications to the Post Office Department.

At the close of the year 722 cases were pending as compared with 639 at the close of the previous fiscal year.

Procedure in advertising cases.--If it appears to the Commission that a published advertisement may be misleading, a contact letter is sent to the advertiser and request is made for a sample of the product advertised, if this is practicable, and the quantitative formula if the product is a compound. Representative specimens of all advertising copy containing all claims made for the product during a 6-month period also are requested.

Upon receipt of these data, scientific opinions are obtained based upon the sample and formula. Upon receipt thereof, a list of such claims as then appear to be false or misleading is sent to the advertiser, along with a statement based upon the scientific opinion. The advertiser is invited to submit informally any evidence he chooses in support of his claims. He may answer by letter or, upon request, may confer with the Radio and Periodical Division in person or through counsel.

If, after a consideration of all available evidence at hand, including that furnished by the advertiser, the questioned claims appear not to be false or misleading, the division reports the matter to the Commission with the recommendation that the case be closed. If it appears from the weight of the evidence that the advertising is false or misleading, the matter is referred to the Commission with recommendation either that complaint issue or that the negotiation of an appropriate stipulation be authorized, provided the advertiser should desire to dispose of it by such voluntary agreement to cease and desist from the use of the acts and practices involved.

If the Commission so authorizes, a stipulation is prepared and forwarded to the advertiser for execution. Should he object to any of its provisions, he may discuss them by mail or in person. If and when he agrees to the terms of the stipulation and signs and returns it, the matter is again reported to the Commission with recommendation that the stipulation be accepted and the case closed without prejudice to the right of the Commission to reopen the matter at any time the facts so warrant. If the Commission accepts and approves the stipulation, the advertiser is required to submit within 60 days from the date of acceptance a report in writing showing the manner and form in which he is complying with the provisions of his agreement. Further compliance reports may be required by the Commission from time to time as may seem warranted.

PART VI. MEDICAL ADVISORY DIVISION

FURNISHES MEDICAL OPINIONS AND SCIENTIFIC INFORMATION IN MATTERS INVOLVING FOOD, DRUGS, DEVICES, AND COSMETICS

The Medical Advisory Division provides facts and opinions with respect to the medical sciences in connection with the investigation of complaints and the trial of cases before the Commission. The most important phase of this work is supplying opinions which deal with the validity of advertising claims made for food, drugs, devices, and cosmetics.

During the fiscal year members of the division's staff spent 164 days in assisting Commission trial attorneys at hearing nature of the scientific problems involved made technical help necessary. They also prepared 238 medical opinions.

Because of the wide, direct influence of advertising on the public health, many outstanding experts in the medical sciences are interested in the advertising claims made for food, drugs, devices, and cosmetics. During the year, 56 such experts served without compensation as witnesses at Commission hearings, their testimony being essential to a determination of the facts. It is becoming increasingly difficult to obtain their services because those not in the armed forces are in many instances engaged in wartime duties of an emergency nature and are required to perform more civilian work than in normal times.

Through the Director of its Medical Advisory Division the Com mission maintains contact with other Government agencies concerned with food, drugs devices, and cosmetics, among which are the Food and Drug Administration, the National Bureau of Standards, the United States Public Health Service, the Bureau of Animal Industry, and the Agricultural Marketing Service.

The division's responsibilities in connection with the wartime activities of the Commission are discussed on page 19.

PART VII. FOREIGN TRADE WORK

THE EXPORT TRADE ACT

The Commission is directed to administer the Export Trade Act, commonly known as the Webb-Pomerene law, under which there are now organized 46 cooperative export associations representing 492 member companies, mills, mines, factories, and export houses located throughout the United States. These groups export such important commodities as metal products, electrical apparatus, phosphate, sulphur, potash, carbon black, lumber and wood products, insulation and wallboard, rubber, textiles, chemicals, abrasives, milk, meat, rice, flour, fruit, and specialties such as typewriters, pencils, and flints. Offices are maintained in the principal ports on the Atlantic, Pacific, and Gulf coasts, some of them are at inland points, and branch offices and agencies are operated in foreign countries.

The law provides that these associations shall be engaged solely in export, and that they shall not restrain the trade of domestic competitors, artificially or intentionally enhance or depress prices in this country, substantially lessen competition, or otherwise restrain trade in the United States.

In spite of export restrictions and limited markets to which goods may be shipped in wartime, Webb law exports in 1942 totaled about $162,036,000 and in 1943, $134,793,000.

It is anticipated that the operation of the Act will be an important factor in the post-war export trade of the United States, and that the associations already organized will be well equipped to meet the problems of that period, as well as the currently changing conditions now obtaining in foreign markets.

The Webb law is the logical medium for organized exportation, and it is expected that many such cooperative groups may be formed in the next few years. Plans already are under way for organization of associations to export to Europe as soon as the conflict there is ended. Rehabilitation of the occupied areas will necessitate a large volume of exportation. The industrialization program in Latin America will lead to increased foreign trade with that area; and American industrialists who expect to take part in the reconstruction of the Orient are now planning export organization for that purpose.

Under the provisions of the Export Trade Act, the Commission began several inquiries involving operation of the export associations. None of t he inquiries had been completed at the close of the fiscal year.

In order to facilitate its administration of the law and to meet the current problems presented by foreign trade reconstruction, the Commission reorganized the Webb law work in May 1944, abolishing the Export Trade Section and creating an Export Trade Office under a Director of Export Trade who is also an Assistant Chief Counsel. The office is under general supervision of the Chief Counsel.

EXPORT ASSOCIATIONS ON FILE WITH THE COMMISSION

The 46 export associations on file with the Commission at the close of the fiscal year were:

American Box Shook Export Association, 307 Barr Building, Washington 6, D. C.
American Hardwood Exporters, Inc., 901 Carondelet Building, New Orleans 8:
American Provisions Export Co., 80 East Jackson Boulevard, Chicago 4.
American Soda Pulp Export Association, 230 Park Avenue, New York.
American Spring Manufacturers Export Association, 30 Church Street, New York 7.
American Tire Manufacturers Export Association, 30 Church Street, New York 7.
California Alkali Export Association, c/o Pacific Alkali Co., 523 West Sixth Street, Los Angeles.
California Dried Fruit Export Association, 1 Drumm Street, San Francisco.
California Prune Export Association, 1 Drumm Street, San Francisco.
California Raisin Export Association, 1 Drumm Street, San Francisco.
Carbon Black Export, Inc., 500 Fifth Avenue, New York 18.
Cement Export Co., Inc., c/o T. J. Harte, Secretary, 41 East Forty-second Street, New York 17.
Copper Exporters, Inc., 50 Broadway, New York. York 13.
Douglas Fir Export Co., 530 Henry Building, Seattle 1.
Durex Abrasives Corporation, 63 Wall Street, New York.
Easco Lumber Association, 216 Pine Street, San Francisco.
Electrical Apparatus Export Association, 70 Pine Street, New York 5.
Electrical Export Corporation, 122 East Fifty-first Street, New York 22.
Export Screw Association of the United States, 23 Acorn Street, Providence, R. I.
Flints Export Agency, 50 Broad Street, New York.
Florida Hard Rock Phosphate Export Association, 1010 Savannah Bank & Trust Building, Savannah, Ga.
Flour Millers Export Association, 859 National Press Building, Washington, D. C.
General Milk Co., Inc., 19 Rector Street New York 6.
Goodyear Tire & Rubber Export Co., The, 1144 East Market Street, Akron, Ohio.
Metal Lath Export Association, The Room 1504, 205 East Forty-second Street, New York.
Pacific Forest Industries, Washington Building, Tacoma 2, Wash.
Pacific Fresh Fruit Export Association. 333 Pine Street, San Francisco 4.
Pencil Industry Export Association, 37 Greenpoint Avenue, Brooklyn 22.
Phosphate Export Association, 393 Seventh Avenue, New York 1.
Pipe Fittings & Valve Export Association, The 347 Madison Avenue, New York 17.
Potash Export Association, Inc., Maj. Fred N. Oliver, Secretary, East Forty-second Street, New York.
Redwood Export Co., 405 Montgomery Street, San Francisco.
Rice Export Association, 1103 Queen Crescent Building, New Orleans 12.
Rubber Export Association, The, 1185 East Market Street, Akron 5, Ohio.
Sulphur Export Corporation, 420 Lexington Avenue, New York.
Texas Rice Export Association, 407 Jensen Drive, Houston 10, Tex.
Textile Export Association of the United States, 40 Worth Street, New
Typewriter Manufacturers Export Association, 1611 Forty-fourth Street W., Washington 7, D. C.
United States Alkali Export Association, Inc., 11 Broadway, New York
United States Insulation Board Export Association, 120 South LaSalle Street Chicago 3.
Walnut Export Sales Company, Inc., Postal Station Building, Indianapolis 4.
Walworth International Co., 60 East Forty-second Street, New York 17.
Washington Evaporated Apple Export Association, 709 First Avenue, No Yakima, Wash.
Wensco Lumber Association, Room 2 Pine Street, San Francisco.
Wine and Brandy Export Association of California, 85 Second Street, San Francisco.
Wire Rope Export Trade Association The, c/o William P. Laseter, R

2006, 19 Rector Street, New York

TRADE REGULATION AND UNFAIR COMPETITION ABROAD

Pursuant to section 6 (h) of the Federal Trade Commission Act, the Commission has received information concerning recent developments in trust laws and regulation of competition abroad. The following are noteworthy :

Wartime trade and industry control in foreign countries during the past year have included many laws, decrees and regulations made necessary by emergency conditions.

Price fixing, control of production and supply, and rationing have been continued and extended. The rising cost of living has been the subject of grave concern. In Britain and Australia where buying commissions have been necessary the general policy has been to meet inevitable increases by Government subsidy, and this has been true in Canada for goods imported at increased cost.

In Latin America prices have been fixed on articles of "prime necessity" and control of price and supply has been extended to products necessary for national defense. A Cuban Presidential Decree, No. 1983, July 2, 1943, declares as necessary for national defense for the duration of the war the operation and production of public utilities, transportation, mining, agriculture, food processing, construction, fuel, and the production, processing, distribution and exportation of essential war or strategic materials.

The price "freeze" has been used in many countries. In Brazil the Coordinator of Economic Mobilization fixed maximum prices on all wholesale and retail merchandise and for transportation in November 1943, at levels obtaining on November 10. In Mexico a general price-freezing order on September 21, 1943, covered textiles, foodstuffs, construction materials, rubber tires, petroleum products, and fuel.

In some countries emphasis has been laid on profiteering. In Costa Rica, for instance, a special commission was appointed on June 25, 1943, to study profiteering, and a measure on July 10, 1943, provided that net profit in excess of 20 percent should be held a penal offense. In Peru the Price Control Office may limit profits and merchants must keep cost books for inspection, under a decree on August 27, 1943. In India the Hoarding and Profiteering Prevention Ordinance, 1943, would prevent then holding of stocks in excess of stipulated limits, and no articles shall be sold at more than 20 percent above production or landed costs.

Another means of controlling supply and price is found in the Government purchasing offices. In Mexico a "consortium" was established by decree in 1943 to buy and sell primary foodstuffs. This office has the sole right to export such surplus as may exist, but may not export unless sufficient buffer stocks are on hand to meet consumption requirements.

Control of agricultural products is combined with development plans to increase the supply of foodstuffs. A resolution of the Colombian National Price Control Office on October 21, 1943, required quarterly reports of stocks on hand, quantities handled, sold, and exported, and buying and selling prices from all mills, factories or gins handling rice, wheat, cacao, or cotton, and from producers' associations and organizations engaged in buying or financing those products. Metals and other products are subject to report as to stocks. The

same Colombian office issued a resolution on August 5, 1943, requiring dealers in building materials, tools and supplies to declare their stocks on hand, prices and origin of their supplies. Drugs and pharmaceutical articles are closely regulated.

Development plans, industrialization, and control of investment have been interwoven in Latin American measures. In Brazil a National Council of Industrial and Commercial Policy was established by Decree Law No.5982, November 10, 1943, to present plans deemed necessary to stimulate industrial and commercial projects, restrict fraud and unfair competition, and raise the standard of living: Another Decree Law, No.6224, of January 24 1944 provided for an excess profits tax or an investment of twice the amount of the tax in a loan to the Government, the purpose of which is to limit war profiteering, control inflation, and divert war profits from speculative investment to post-war industrial rehabilitation and expansion.

Reconstruction commissions and post-war planning groups have been established in many countries. In England a newly appointed Minister of Reconstruction is also a member of the War Cabinet and Chairman of a Cabinet Committee, and will serve to coordinate and expedite the reconstruction plans and projects of the various Government departments. In Canada the Dominion Government has established an advisory Committee on Reconstruction which submitted a report to the Privy Council in September 1943. Work of the Dominion Government in Canada will be facilitated by committees or councils set up by legislation in the provinces.

Post-war planning in the Latin American countries may be briefly noted :

Argentina.--Permanent Congress for study of Post War Problems, appointed in April 1943, and a National Commission of Social and Economic Reconstruction established by Decree No: 1859, June 3, 1943.

Bolivia.--Inter-American Development Commission authorized by Executive Decree in August 1943.

Brazil.--National Council of Industrial and Commercial Policy, under Decree Law No.5982, November 10, 1943.

Chile.--National Commission on Post War Problems and a Post War Agricultural Commission, appointed by Presidential Decree on August 13 1943

Cuba.--National Commission for the Study of Post War Problems established by Presidential Decree No.1584, May 22, 1943.

Dominican Republic.--National Commission for Study of Post War Problems, created by Decree No.1545, November 20, 1943.

Ecuador.--National Commission for Study of Post War Problems created by Presidential Decree, December 16, 1943.

Honduras.--Commission appointed February 22, 1944.

Mexico.--National Commission for study of Post War Problems created by Decree, February 15, 1944.

Panama.--Board for Study of National Problems appointed October 9, 1943.

Peru.--Institute for International Post War Problems appointed March 15, 1943, and Supreme Decree, August 20, 1943, directing the National Statistical Board to make a special survey of the economic potentialities of the Nation.

Uruguay.--Special Committee of Foreign Office appointed May 31, 1943, followed by an Economic, Financial and Social Commission established by Presidential Decree on January 12, 1944.

Venezuela.--Commission for the study of Post War Problems created by Presidential Decree No.197, October 6, 1943.

Space does not permit further discussion of foreign measures, some of which are mentioned above, but additional information is available in the Export Trade Office of the Commission.

PART VIII. FISCAL AFFAIRS

APPROPRIATION ACT PROVIDING FUNDS FOR COMMISSION WORK

The Independent Offices Appropriation Act, 1944 (Public Law 90, 78th Cong.), approved June 26, 1943, provided funds for the fiscal year 1944 for the Federal Trade Commission as follows :

FEDERAL TRADE COMMISSION

For salaries and expenses of the Federal Trade Commission, including personal services in the District of Columbia; contract stenographic reporting services; supplies and equipment, law books, books of reference, periodicals, garage rentals; traveling expenses, including not to exceed $900 for expenses of attendance, when specifically authorized by the Commission, at meetings concerned with the work of the Federal Trade Commission; newspapers not to exceed $500, foreign postage, and witness fees and mileage in accordance with section 9 of the Federal Trade Commission Act; $1,900,000, of which not less than $172,410 shall be available for the enforcement of the Wool Products Labeling Act 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.

For all printing and binding for the Federal Trade Commission, $43,000.

Total, Federal Trade Commission, $1,943,000.

APPROPRIATIONS FOR FISCAL YEAR

Appropriations available to the Commission for the fiscal year ended June 30, 1944, under the Independent Offices Appropriation Act approved June 26, 1943, amounted to $1,943,000. This sum was made up of two items : (1) $1,900,000 for the general work of the Commission, and (2) $43,000 for printing and binding.

In addition to this sum $15,000 was made available by Public Law 279, 78th Congress, approved April 1, 1944, to supply deficiencies in overtime pay, and a working fund sum of $125,050 was made available from appropriations of the War Production Board to provide for the cost of compliance surveys, in all, $2,083,050.

Appropriations, allotments, expenditures, liabilities, and balances for the fiscal year ended June 30,1944

	Amount available	Amount expended	Liabilities	Expenditures and liabilities	Balances
Federal Trade Commission 1944- salaries, Commissioners and all other authorized expenses	$1,915,000.00	$1,832,286.04	$20,653.04	$1,852,939.05	$62,000.92
Printing and binding, Federal Trade Commission, 1944	43,000.00	13,732.29	26,116.16	39,548.45	3,151.55
Working fund, Federal Trade Commission, 1944	125,050.00	62,741.27	1,627.15	64,368.42	60,681.58
Total fiscal year 1944	2,083,050.00	1,908,759.60	48,396.35	1,957,155.95	125,894.05
Unexpended balances:					
Federal Trade Commission, 1943	130,406.95	1 3, 173.03	3,746.37	573.34	129,833.61
Printing and binding, Federal Trade Commission, 1943	35,401.40	18,437.50	8,363.35	26,800.85	8,600.55
working fund, Federal Trade Commission, 1943	34,364.34	20,339.91	1,400.02	21,745.93	12,618.41
Working fund, Federal Trade Commission (emergency management), 1942 and 1943	4,342.98	1 22.65	2.00	1 20.65	4,363.63
Federal Trade Commission 1942	72,936.72	1,620.35	0	1,620.35	71,316.37
Printing and binding, Federal					

Trade Commission, 1942	18,362.45	362.45	0	362.45	18,000.00
Federal Trade Commission, 1941	40.30	0	0	0	40.30
Federal Trade Commission, 1937	1.26	0	0	0	1.26
Total	2,378,906.40	1,946,324.13	61,914.69	2,008,238.22	370,668.18

1 Denotes red figures.

APPROPRIATIONS AND EXPENDITURES, 1915-45

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 and liabilities	Expenditures	Balance
1915	Lump sum	$184,016.23	$90,442.05	$93,574.18
	Printing and binding	12,386.76	9,504.10	2,882.60
1916	Lump sum	430,964.08	379,927.41	51,636.67
	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	1,389.48
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	22,400.21	0
1924	Lump sum	990,000.00	900,020.93	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	16,500.90	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	1,808,463.35	124,454.46
	Printing and binding	39,858.73	39, 858.73	0
1932	Lump sum	1,808,097.19	1,749,484.00	58,612.59
	Printing and binding	30,000.00	30,000.00	
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	1,273,006.38	157.11
	Printing and binding	40,250.00	40,250.00	0
1935	Lump sum	2,063,398.01	1,922,313.34	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
1939	Lump sum	2,236,795.00	2,150,474.40	86,320.60
	Printing and binding	46,700.00	46,709.00	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	138,921.91

	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

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. 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, payable in the same manner as the salaries of the judges of the courts of the United States. The commission shall appoint secretary who shall receive a salary of $5,000 a year, [1] 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 appropriated for by Congress.

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 find 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. [2]

[1] The salary of the secretary is controlled by the provisions of the Classification Act of 1923, approved March --49-, 1923, 42 Stat. 1488.

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

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.

"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, 3 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 ap-

3 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 persons" (and following the words "to regulate commerce"), the following: "air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1918."

pear 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 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 bearing, 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 days [4] 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

[4] 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 s (C) of the Federal Trade Commission Act, as amended by this Act, shall begin on the date of the enactment of this Act.

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 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 any wise 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 Com-mission 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 (l) 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.

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

(l) Any person, partnership, or corporation who violates an order of 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.

Sec. 6. That the commission shall also have power--

(a) To gather and compile information concerning, and to investigate 5 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.

(d) Upon the direction of the President or either 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

5 See footnote on p. 2

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.

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 Untied 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--

(l) 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 purposes 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--

(l) 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--

(l) 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. [6] (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 pre-scribed 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 fine and imprisonment : *Provided,* That for the purposes of this section meats and meat food products duly inspected, marked, and labeled In accordance with rules and regulations issued under the Meat Inspection Act approved March 4, 1907, as amended, shall be conclusively presumed not injurious to health at the time the same leave official "establishments."

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

SEC. 15. For the purposes of section 12, 13, and 14--

(a) 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 thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in said advertisement or, under such conditions as are customary or usual. No advertisement of a drug shall be deemed to be false If it is disseminated only to members of the medical profession, contains no false representations of a material fact, and includes, or is accompanied in each

instance by truthful disclosure of, the formula showing quantitatively each ingredient of such drug.

(b) The term "food" means (l) 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 (l) articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States,

6 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.

(c) The term "drug" means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathy 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 (l), (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 (l) 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 (l) 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.

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 (l) 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 Anti-discrimination Act, and sections 3, 7, and 8 of the Clay-ton 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).

RULES OF PRACTICE

The rules of practice before the Commission Act, the Commission also administers section 2 of the Clayton Act (U. S. C., title 15, sec. 12), as amended by the Robinson-Patman Anti-discrimination Act, and section 3, 7, and 8 of the Clayton Act; the Export Trade Act (U. S. C., title 15, sec. 610, and the Wool Products Labeling Act (U. S. C., title 15, sec. 68).

STATEMENT OF POLICY

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 STIPULATION

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 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 not the policy of the Commission to thus dispose of matters involving intent to defraud or mislead; false advertisement of food, drugs, devices, or cosmetics which are inherently dangerous or where injury is probable; suppression or restraint of competition through conspiracy or monopolistic practices; violations of the Clayton Act; violations of the Wool Products Labeling Act of 1939 or the rules promulgated thereunder; or where the Commission is of the opinion that such procedure will not be effective in preventing continued use of the unlawful method, act, or practice. The Commission reserves the right in all cases, for any reasons which it regards as sufficient, to withhold this privilege.

REPORTS OF TRIAL EXAMINERS

The policy of the Commission is that reports of trial examiners shall not be open to public inspection or to publication until after the publication of the Commission's decisions in the cases in which such reports are made. During this time they are open only to the Commission, to counsel and to parties respondent in such cases.

WOOL PRODUCTS LABELING ACT

In the handling of cases before the Commission arising under this act, the practice and procedure of the Commission, insofar as applicable, will be as provided in cases arising under the Federal Trade Commission Act.

INVESTIGATIONS BY THE COMMISSION, 1915-45

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 under more than 125 different headings.[1] They were made at the request of the President, the Congress, the Attorney General, establishments such as the War Production Board, the Office of Price Administration, or other 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. For wartime inquiries, 1917-18 and 1941-45, see paragraphs headed "Wartime."

Accounting Systems (F. T. C.).--Pointing the way to a general improvement in accounting practices, the Commission published *Fundamentals of a Cost System*

[1] The wartime cost-finding inquires, 1917-1918 (p. 109), include approximately 370 separate investigations

[2] documents out of print (designated "o. p.") are available in depository libraries.

for Manufacturers (H. Doc. 1356, 64th, 31 p., 7/1/10) and *A System of Accounts for Retail Merchants* (19 p., o. p., 7/15/16).

Accounting Systems.--See Distribution Cost Accounting, arid Production Cost Accounting.

Agricultural Implements.--See Farm Implements.

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. [4]

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, 8/27/25), 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 828, 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 recommendation, 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 Using (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, 1943-44.--War Production Board Order L-258 of 1/20/43 prohibited production of salt and petroleum base antifreeze solutions. While production of these products had ceased, great quantities were reported to be still in the hands of producers and distributors. To enable W. P. B. to determine what further action should be taken to protect essential automotive equipment from these solutions, it requested the Commission to locate producers' inventories as of 1/20/43, and to identify all deliveries made from such inventories to distributors subsequent to that date. (See p.10.)

Bakeries and Bread.--See Food.

Beet Sugar.--See Food--Sugar.

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

[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.2.

[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. 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; 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.

[5] See footnote 4, above.

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.

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 system [6] 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., 0/0/33).

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. O. 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 of (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-18-a, issued 2/4/42. The Investigation was conducted concurrently with a survey of nickel processors.

Coal (Congress and F. T. C.), Wartime, 1917-18, Etc.--From 1916 through the first World War period and afterward, the Commission at different times investigated anthracite and bituminous coal prices and the coal Industry's financial condition. Resulting cost and price reports are believed to have substantially benefited the consumer. Among the published reports were: *Anthracite Coal Prices,* preliminary (S. Doc. 19, 65th, 4 p., o. p., 5/4/17); *Preliminary Report by the F. T. C on the Production and Distribution of Bituminous Coal* (H. Doc. 152, 65th, 8 p., o. p., 5/19/17); *Anthracite and Bituminous Coal Situation,* summary (H. Doc. 193, 65th, 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., S. Doc. 207, 67th)--pursuant to F. T. C. motion; and *Report of the F. T. C. on Premium Prices of Antliracite (97* p., 7/0/25)--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.; (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.; (6) Maryland, West Virginia, and Virginia, bituminous 286 p.; and (7) trans-Mississippi States, bituminous, 459 p.)

Coal, Current Monthly Reports (F. T. C.).--The Commission (December 1919) initiated a system of current monthly returns from the soft coal Industry

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

7 See footnote 4, p.86.

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.

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 were 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, 202p.,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, 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 Corporation Reports.

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 Commis sion (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.(See Page 10.)

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., 6/23/41).

Distribution.--See Foods-Mass Foods Distributors.

Distribution.--See Millinery Distribution.

Distribution Methods and Costs (F. T. C.), Wartime, 1941-45.--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. Seven 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.); *Part III. Building Materials-Lumber, Paints and Varnishes and Portland Cement* (2/19/44, 50 p.); *Part IV. Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements* (3/2/44, 189 p.); *Part V. Advertising as a Factor in Distribution* (10/30/44, 50 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.); and *Part VIII. Cost of Production and Distribution of Fish in New England* (6/30/45, 118 p.). A summary of each part was processed. Special reports of the study of distribution of some 20 commodity groups were made for confidential use of O.P. A. and other war agencies. (See p.12.)

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 acquisitions 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 Lamps, Manufacturers of (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.

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 law violations *(Report of the F. T. C. on Commercial Feeds*, 200 p., 3/29/21).

Fertilizer (Senate).--Begun by the Commissioner of Corporations [8] (S. Res. 487, 62d, 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 im-

[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."

portant 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).

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.

Fish, Cost of Producing and Distilling (F.T.C. and Department of Interior), Wartime, 1944.--This study covered the cost of producing and distributing as well as the methods and channels of distributing, fresh fish in four principal producing regions. It was made in cooperation with the Fish and Wildlife Service and the Office of the Coordinator of Fisheries of the Department of the Interior. The study was conducted during May and June 1944, pursuant to the general terms of F. T. C. Resolution (6/27/40) calling for a general survey of methods and costs of distributing important consumer commodities. (See p. 16.)

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 t he 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 Limitations, p.101).

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* 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*, 21 5 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.); and *VII. Effects of Future Trading* (6/25/26, 419 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, p. 91; Grain Exporters, p.91; and Grain Wheat Prices, p.92.)

9 The legal history of the consent decree and a summary of divergent economic interests involved in the question of packer 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.

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., 11/3/17.) 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 Vegetables 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 was tabulated for O.P. A.

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

Food--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., 1/11/28); and *Conditions in the Flour Milling Business*, supplementary (S. Doc. 96, 72(1, 26 p., 5/28/32).

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, 1942-43.--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--Grain Elevators (F. T. C.), Wartime, 1917-18.--In view of certain bills pending before Congress with reference to regulation of the grain trade, the Commission, in a preliminary report, *Profits of Country and Terminal Grain Elevators* (S. Doc. 40, 67th, 12 p., o. p., 6/13/21), presented certain data collected during its inquiry into the grain trade ordered

by the President (see p.90).

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

10 In connection with its wartime cost finding inquiries, 1917-18. p.109 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).

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., 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., 12/13/20).

Food--Mass Foods Distributors (F. T. C.).--The system of delivering foods to large chain store warehouses and the older system of delivery to individual retail stores were compared from an economic viewpoint (F. T. C., Res., 4/20/41).

Food--Meat Packing Profit Limitations (Senate), Wartime, 1917-18.--Following an inquiry (S. Res. 177, 66th, 9/3/19) involving the 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 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.) 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 Milk-sheds* (H. Doc. 152, 74th, 901 p., 4/5/35); *Report of the F. T. C. on the Sale and Distribution of Milk and Milk Products* (Connecticut and Philadelphia milksheds, interim report, H. Doc. 387, 74th, 125 p., 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., 674/36); *Twin City Sales Area* (H. Doc. 506, 74th, 71 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 only be dealt with 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., 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 Pr ices,* S. Doe.- 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 Corporation,[11] 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., 6. p., 5/24/17).

[11] See footnote 8, p. 99.

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., 1/11/34; supplemental report, 111 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 Export 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). (See p. 11.)

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 beating plants were in violation of Orders L-79 and P-84, and other applicable regulations and orders of W. P. B. (See p. 10.)

Fuse Manufacturers (W. P. B.), Wartime, 1942-43.--For the War Production Board the Commission investigated and reported on the activities of representative fuse manufacturers whose operations were subject to W. P. B. Limitation Orders L-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, paraformaldebyde or hexamethylenetetramine, to which they were not otherwise entitled.

Grain.--See Food.

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., 5/27/20).

House Furnishings (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 House Furnishing Industries,* 1018 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 Corporation Reports (F. T. C.), Wartime, 1941-43.--The Commission obtained corporation financial reports for 1939 and 1940. It published in combined form significant economic facts developed in the 1939 series relating to 76 industries which embraced 780 corporations *(Industrial Corporation Reports,* 77 vols., incl. summary, 10/15/40 to 6/30/41, approximately 1,500 pp., processed;

titles listed in F. T. C. Annual Report, 1941, p. 24). In 1939 these corporations had an average total investment (after deduction of reported appreciation of assets) of more than $28,000,000,000. The 1940 series, coordinated with wartime work for other Government agencies, was expanded to cover 4,500 corporations representing consolidated operations of more than 7,000 corporations operating in 86 principal strategic materials industries and to provide O. P. A. with approximately 12,000 annual reports of earlier years and quarterly reports of subsequent operations. The 1940 series was prepared for the confidential use of war and other agencies of the Government.

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. (See p. 11.)

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., 8/21/19). A further study (H. Res. 217, 66th, 8/19/19) resulted in the *Report of the F. T. C. on Shoe and Leather Costs and Prices* (212 p., 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 umber 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., 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., 5/7/23).

Lumber Trade Associations (F. T. C.).--Activities of five large associations were investigated in connection with the Open-Price Associations inquiry (p.104) 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).

Mass Foods Distributors.--See Food.

Meat--Packing Profit Limitations.--See Food.

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 ma-chines, 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 lease departments 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 re strict 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 Com-mission'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 of (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, 3/17/25) to ascertain the number and names of so-called open-price associations their importance in industry and the extent to which members maintained uniform prices, was reported in *Open-Price Trade Associations* (S. Doc. 226, 70th, 516 p., 2/13/29).

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

Paint, Varnish, and Lacquer, Manufacturers of (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. allocation, used in the manufacture of paint, varnish, and lacquer. Sales of such products to determine their end uses also were investigated. (See P. 11.)

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--A 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 Pa per 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., 6/13/17); and *Newsprint Paper Investigation* (in response to S. Res. 95, 65th, 6/27/17; S. Doc. 61, 65th, 8 p., o.p., 7/10/17)].

Paper-Newsprint (Senate).--The question investigated (S. Res. 337, 70th, 2/27/29) was whether a monopoly existed among newsprint manufacturers and distributors in supplying paper to publishers of small dailies and weeklies (News-*print 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 and Petroleum Products, Prices (President and Congress).--At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: *Investigation of the Price of Gasoline,* preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and *Report on the Price of Gasoline in 1915* (H. Doc. 74, 65th, 224 p., o. p., 4/11/17)--both pursuant to S. Res. 109, 63d, 6/18/13 [12] and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil companies' division of marketing ter-

[12] See footnote 8, p. 99.

ritory among themselves, the Commission suggesting several plans for restoring effective competition; *Advance in the Prices of Petroleum Products* (H. Doc. 801, 66th, 57 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 Competition* (S. Doc. 61, 70th, 360 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., 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, [13] this inquiry (S. Res. 109, 63d, 6/18/13) showed the dominating importance of the pipe lines of the great midcontinent oil fields and reported practices of the pipe-line 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.)--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., 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. 2/8/28)--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. (See p. 16.)

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., 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 superposing 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., 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.,

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

13 See footnote 8, p. 99. 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).

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 of 1933, the Public Utility Holding Company Act of 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) included 95 volumes. [14]

Price Bases (F. T. C.).--More than 3,500 manufacturers representing practically every industrial segment furnished data for this study (F. T. C.- motion, 7/27/27) of methods used for computing delivered prices on industrial products and of the actual and potential influence of such methods on competitive markets and price levels. In the cement industry the basing-point method [15] was found to have a tendency to establish unhealthy uniformity of delivered prices and cross-haul 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., 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 to 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.

Production Cost Accounting (F. T. C.), Wartime, 1941-42.--This investigation covered production cost accounting methods and systems used in the bread baking, paperboard, steel and other industries during wartime.

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., 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.

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.

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

548, 67th, 3/4/23; *Report of the F. T. C. on the Radio Industry*, 347 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.

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).

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 of (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, all 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., 3/19/34) and the Commission and N. R. A. studied the effect of the multiple basing-point system under the amended code *(Report of the F. T. C. to the President in Response to Executive Order of May 30, 1934, With Respect to the Basing-Point System in the Steel Industry,* 125 p., 11/30/34). [17] The Commission recommended important code revisions.

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

Steel Costs and Profits.--See Wartime Cost Finding, 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. PM.), 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

16 The salary lists do not appear in the report but are available for inspection,

17 As of the same date 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.

Office of Production Management were being observed, I. e., the technique used in the steel industry in meeting the requirements of O. P. M. (later the War Production Board) orders and forms. controlling the distribution of pig iron, iron and steel, iron and steel alloys, and iron and steel scrap.

Steel Sheet Piling--Collusive Bidding (President).--Steel sheet piling prices on certain Government contracts in New York, North Carolina, and Florida were investigated (inquiry referred to F. T. C. 11/20/35). The *F. T. C. Report to the President on Steel Sheet Piling* (42 p., processed, 6/10/36) demonstrated the existence of collusive bidding because of a continued adherence to the basing-point system [18] 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 bad issued stock dividends, and the amounts thereof, since the Supreme Court decision (3/8/20) bolding 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., 12/5/27).

Sugar.--See Food.

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.

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. (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.; Parts II and III, o. p. (Part IV, processed, 21 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; *Textile Industries in the Last Half of 1935,* Parts I to III, 11/20/36 to 1/6/37,155 p., processed; and *Textile Industries in the First Half of 1936,* Parts I to III, 1/21/37 to 2/11/37, 163 p., processed.

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 Cotton 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., 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.

[18] See footnote 17, p. 98.

Textile--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 of (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, 68th, 2/9/25) into activities of two well-known companies disclosed that alleged illegal agreements or conspiracies did not appear to exist *(The American Tobacco Co. and the Imperial. Tobacco Co.,* S. Doc. 34, 69th, 129 p., o. p., 12/23/25).

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 29, 1915, this inquiry (referred to F. T. C. 7/22/15) was for the purpose of furnishing necessary information to the American branch 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, Chile, 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 Costs of the Steel Industry* (138 p., 2/18/25). The unpublished reports [20] cover a wide variety of subjects. On the basis of the costs as found, prices were fixed, or controlled in various degrees, by

Government agencies such as the War and Navy Departments, War Industries Board, Price Fixing Committee, Fuel Administration, Food Administration, and Department of Agriculture. The Commission also conducted cost inquiries for the Interior Department, Tariff Commission, Post Office Department, Railroad Administration, and other Government departments or agencies. It is estimated that the inquiries helped to save the Country many billions of dollars by checking unjustifiable price advances.

19 See footnote 10, p.100.

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).

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, Flags, 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 Corporation Reports; Metal-Working Machines; Paper-board; Priorities; Production Cost Accounting; Steel Costs and Profits; and War Material Contracts.

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