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Annual Report of the

FEDERAL TRADE

COMMISSION

1976

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Annual Report

Report

of the

FEDERAL TRADE COMMISSION

For the Fiscal Year Ended

June 30, 1976

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(As of June 30, 1976)

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Letter of Transmittal

FEDERAL TRADE COMMISSION
Washington, D.C.

To the Congress of the United States:

It is a pleasure to transmit the sixty-second Annual Report of the Federal Trade Commission covering its accomplishments during the fiscal year ended June 30, 1976.

By direction of the Commission.

CALVIN J. COLLIER,
Chairman

THE PRESIDENT OF THE SENATE
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

TABLE OF CONTENTS

Chapter		Page
I.	The Year in Summary	1
II.	Maintaining Competition	3
III.	Consumer Protection Mission	15
IV.	Economic Activities	25
V.	Executive Direction and Policy Planning	29
VI.	Administration and Management	33
VII.	Funds Available to the Commission During Fiscal 1976	41

THE YEAR IN SUMMARY

During fiscal 1976, the Commission continued to make resource allocation decisions on a programmatic basis and increased the use of cost/benefit analysis. The Commission's Office of Policy Planning and Evaluation assessed program benefits to consumers and continued its semi-annual review of each program so that changes in emphasis could reflect relative effectiveness as well as shifting priorities.

One result of the program review was a major increase in the percentage of resources devoted to eliminating barriers to competition. This shift reflects the Commission's belief that restraints upon competition deprive the public of access to goods and services of optimum quality at minimum prices and that a free and honest market best guarantees consumer benefit. Particular attention is given to the areas of energy, food and health care.

Since the passage of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, the Commission has pursued an intensive course of trade regulation rulemaking. Seventeen trade regulation rulemaking proceedings have been initiated and investigations are continuing in several other areas. The Commission believes that trade regulation rules will provide both consumers and industry with the most effective form of protection and guidance.

FISCAL YEAR 1976 PROGRAM ACCOMPLISHMENTS

Major program accomplishments for the Commission for fiscal year 1976 are discussed by mission as follows:

- MAINTAINING COMPETITION
- CONSUMER PROTECTION
- ECONOMIC ACTIVITIES
- EXECUTIVE DIRECTION AND POLICY PLANNING
- ADMINISTRATION AND MANAGEMENT

MAINTAINING COMPETITION

The Commission continued to emphasize antitrust enforcement activities in those areas of greatest potential impact on the consumer.

The Exxon, et al. case advanced to the second stage of pretrial discovery; the "Breakfast Cereal" (Kellogg Company, et al.) case moved from the pretrial to the trial stage; and complaints were issued against General Motors Corporation, American Medical Association, et al., Perpetual Federal Savings & Loan Association, and Levi Strauss & Company. The Commission issued a number of other complaints and launched investigations with the potential for far-reaching competitive and consumer benefits. Anti-merger litigation continued throughout the year. The Commission also increased its participation in procompetitive actions by other governmental agencies (pursuant to new responsibilities mandated by statute). Antitrust activity by the Commission's regional offices also increased.

A more detailed description of Maintaining Competition Mission activities during fiscal 1976 is presented below. Supplementary discussion of the contributions of regional offices, the General Counsel, and the Office of Administrative Law Judges, is contained in later sections.

Energy Program

The Commission continued to devote the largest portion of its antitrust efforts to the energy industries. First-wave pretrial discovery was completed in the Exxon, et al. matter (D. 8934). A subsequent request by complaint counsel to obtain subpoenaes

234-030 0 - 77 - 2

duces tecum in second-wave discovery was filed in February. Compulsory process issues make the trial date of this proceeding uncertain.

Three segments of the energy study mandated by statute were completed, and reports on them submitted to Congress. Progress was made in preparation of seven other report segments. The studies of the natural gas industry and bank/energy company interlocks are being delayed because of the need to resort to the courts to compel gas companies and banks to provide necessary information.

Six director interlock cases in the energy field (Standard Oil (Ohio), Amerada Hess Corp., El Paso Natural Gas, Dixilyn Corp., General American Oil Co., and Kerr-McGee) were disposed of by final consent orders entered by the Commission, and a consent order was entered requiring prior Commission approval of divestiture of Pasco's crude oil production facilities by Standard Oil (Indiana).

Review of applications for construction licenses under the Deep Water Ports Act and monitoring of international and domestic energy activity under the International Energy Program required substantial legal and economic effort not directed toward specific law enforcement activities. These activities were specifically mandated by the Congress.

National Food Program

The objective of the Commission's industry-wide food program is to obtain information concerning production and marketing of food and food products and to take enforcement or other appropriate action. For purposes of analysis the industry is divided into five areas.

Grower-Producer

Emphasis in the Grower-Producer area during fiscal 1976 was on agricultural cooperatives. A staff report on cooperatives and the Capper-Volstead Act cooperatives exemption was published. The Commission also made specific recommendations to Congress concerning the Capper-Volstead exemption and submitted comments on the administration of agricultural marketing orders to the Department of Agriculture. A number of specific law enforcement investigations are also under way.

Manufacturer-Processor

Complaints against Coca-Cola Bottling Co. of New York, and Nestle Alimentana S.A., for violations of Section 7 of the Clayton Act and against ITT-Continental Baking Co., Inc., for monopolization of the bread industry in specified markets were issues. The "Breakfast Cereal" case (Kellogg Co., et al.) went to trial in April 1976 after extensive pretrial discovery. The Commission issued a complaint charging that General Foods Corporation had engaged in monopolistic pricing and marketing practices in the sale of its "Maxwell House" brand coffee. Charges of illegal interlocking directorates in the food processing industry were resolved by the entry of consent orders against all the respondents in Kane-Miller Corp. and against some of the respondents in Kraftco, Inc. Resolution of the adjudicatory complaint against the remaining respondent, SCM Corporation, was submitted to the administrative law judge for determination on cross motions for summary judgment.

Distribution and Marketing

In the distribution and marketing segment of the food program the Commission focused on vertical and distributional restraints involving food manufacturers or processors and their customers. The Commission issued a complaint charging that Frito-Lay discriminated unlawfully in price between competing purchasers of snack food. The Commission also issued a final decision and an order to cease and desist after investigating charges that The Great Atlantic & Pacific Tea Co. induced and knowingly received dis-

criminatory prices from Borden, Inc., in the purchase of packaged fluid milk and other dairy products.

Retailing

The food retailing program includes a study of the impact on prices of high levels of concentration and other possibly anticompetitive factors in the retail marketing of food. The staff engaged in investigation using compulsory process during fiscal 1976. Monitoring of premerger notification reports required by the Commission in connection with its Enforcement Policy Regarding Mergers in the Food Distribution Industries continued, with a number of investigations initiated in this area. A complaint was issued challenging the merger between Food Town Stores, Inc. and Lowe's Food Stores, Inc.

Commodities

Study of the soybean industry neared conclusion in fiscal 1976. Changing market conditions, revised and expanded regulation of commodities and commodities exchanges, and other relevant developments will be taken into account in preparing such recommendations as may be warranted by the staff's findings and conclusions. The investigation of the grain industry continued.

Health Care Program

During fiscal 1976, the Commission devoted increased attention to the health care field because of rapidly-increasing costs for all forms of health care. A complaint was issued against the American Medical Association, challenging the portions of its code of medical ethics that prohibit advertising of medical services.

The Commission determined that the acquisition by WarnerLambert Pharmaceutical Co. of Parke-Davis Co. violated Section 7 of the Clayton Act and requested further briefing on the subject of appropriate relief.

Industrywide Matters

General evidence of market dominance, monopolization, and undue concentration are classified in this program. Occasionally, major new programs have been generated from activity here, as will occur in fiscal 1977 in the transportation and chemicals industries.

During fiscal 1976 the Xerox Corp. case was resolved with the acceptance by the Commission of a consent agreement and entry of a consent order that required substantial compulsory licensing of Xerox patents and prohibited patent pooling and related restraints on competition. The Commission also provisionally accepted and placed on the public record a consent settlement of its complaint charging that the three largest national auto leasing firms, Avis-Hertz-National, monopolized and restrained trade in the airport car rental business.

In addition, the Commission issued a complaint against General Motors Corporation charging that it had monopolized the distribution of GM "crash parts" (fenders, doors, grilles, and the like) through restrictive distribution of its 12,000 franchised new car dealers.

An investigation of the consumer appliance industry was closed.

Mergers and Joint Ventures

The anti-merger law enforcement program was again characterized by a high level of trial activity involving both old and new proceedings. Twenty formal complaint proceedings were pending during fiscal 1976 and consent orders were entered in two additional matters.

Complaints were issued against SKF Industries, Reichhold Chemicals, Inc., and Kaiser Aluminum and Chemical. Initial decisions by administrative law judges were affirmed by the Com-

mission in Beatrice Foods, Liggett & Myers and British Oxygen, and initial decisions of violations were issued and appealed to the Commission by respondents in American General Insurance, Retail Credit Co., RSR, Inc., and Jim Walter Corp.

The Commission accepted consent agreements and entered divestiture orders in Borg Warner Corp., Bird and Sons, Inc., Kaiser Steel, Associated Dry Goods, and Anaconda Co., and placed accepted consent agreements on the public record for comment in Walter Kidde & Co., Inc. (handled by the New York Regional Office) and Gifford-Hill & Company, Inc. Complaints were dismissed by the Commission in Budd Company and Cargill, Inc.

Horizontal Restraints

The Commission issued a complaint charging that Perpetual Federal Savings & Loan Association violated Section 5 of the Federal Trade Commission Act by having six joint directors with banks competing for saving deposits and residential mortgage loans. Another complaint issued during fiscal 1976 (handled by the Cleveland Regional Office) alleges that TRW, Inc. violated Section 8 of the Clayton Act as a result of interlocking relationships between its board of directors and that of Addressograph-Multigraph Corporation.

Trial was completed on a complaint that Boise-Cascade, et al., engaged in unlawful price-fixing through maintenance of delivered price systems in the sale of plywood. A complaint against MartinMarielta, et al., alleging price-fixing as a result of delivery restrictions and use of a delivered price system in the sale of ready-mix concrete, was withdrawn from adjudication and a consent agreement was accepted and placed on the public record for comment.

Consent orders were entered by the Commission in two matters involving shopping center lease restrictions that were handled by the Washington Regional Office (Peoples and Strawbridge & Clothier) and one that was handled by the Atlanta Regional Office (Rich's, Inc.).

Distributional Restraints

Enforcement effort in the distributional restraints program is shared among the Bureau of Competition and individual regional offices. Of five new complaints issued, one was handled by the San Francisco Regional Office (Levi Strauss & Co.), one by the Bureau of Competition (Reuben H. Donnelley Corp.), and three by the New York Regional Office (MacLeod Mobile Homes, Mobile Homes Multiplex Corp., and Harper Sales, Inc.).

A final Commission decision and order was entered in Rubbermaid, Inc., prohibiting unlawful wholesale price-fixing and restraints under the company's "fair trade" contracts. Consent orders handled by the New York Regional Office were entered against six manufacturers of audio system components who were alleged to have engaged in unlawful resale price maintenance: U.S. Pioneer Electronics, Sansui Electronics Corp., Sherwood Electronic Laboratories, TEAC Corp., United Audio Products, Inc., and Nikko Electronic Corporation of America.

Trial was completed on one complaint charging dealer restrictions in the sale of hearing aids (Beltone Electronics) and a consent agreement and order were accepted in another (Maico Hearing Instruments, Inc.).

Compliance

During fiscal 1976, extensive analyses and recommendations involving reports of compliance in approximately 80 major matters were submitted to the Commission. Formal investigations into possible order violations were conducted in seven cases. Formal advisory opinions were requested and recommendations to the Commission made in four others. In addition, informal advice has been given by the staff to respondents under order in many cases.

During the year, five major divestiture proposals were processed by the staff and acted on by the Commission.

The Commission accepted a consent agreement and entered a final order to cease and desist unlawful customer restrictions and unlawful maintenance of resale price by a direct sales organization, Shaklee Corporation (handled by the San Francisco Regional Office). Recommendations concerning five applications for prior Commission approval of proposed acquisitions were also prepared by the staff and acted on by the Commission. An additional acquisition proposal was withdrawn and another was pending at staff level at the close of the fiscal year.

At the beginning of fiscal year 1976, there were ten civil penalty cases pending at various stages. Three of these were successfully concluded while seven are still pending at the year's close. Civil penalties were assessed or paid totaling $342,693. In addition, two court-ordered divestitures were accomplished. One of these, U.S. v. Beatrice Foods Company, involved the first case where divestiture had been granted for violation of a Commission order prohibiting future acquisitions. In U.S. v. Papercraft Corporation, the divestiture of CPC's assets was completed only after entry of a substantial civil penalty for failure of the respondent to make timely compliance with the Commission order. Additionally, in FTC v. Consolidated Foods Corp., the first test of the Commission's expanded powers to seek civil penalties under the 1973 amendments to the FTC Act, the Commission successfully prosecuted violation of an order to cease and desist discriminatory pricing practices under Section 2(a) of the Robinson-Patman Act.

The Commission filed a petition for adjudication of civil contempt against Kennecott Corporation for failure to accomplish a divestiture of Peabody Coal Company. Respondent's motion to modify the Commission's order to delete the divestiture requirement was denied by the Court of Appeals in Kennecott Copper Corporation v. FTC.

Accounting

The Division of Accounting provided assistance and support in many antitrust enforcement matters. Commission functions that require accounting services include analysis of market structure

and market shares, evaluation of financial statements to rebut the "failing company" defense in mergers, application of cost accounting principles when the justification defense is invoked under the Robinson-Patman Act, and tabulation of statistical data and assistance in the preparation of exhibits for use as evidence. Accountants are frequently called upon to provide expert testimony.

General Counsel Support to Maintaining Competition

The General Counsel serves as the Commission's lawyer in all court proceedings (except compliance matters) to which the Commission is a party in the United States District Courts, Courts of Appeal and the Supreme Court.

The General Counsel also serves as legal advisory to the Commission regarding questions of law and policy in the general areas of legislation, administrative law, procedure, jurisdiction, the Freedom of Information and Privacy Acts, enforcement of Commission compulsory process, as well as any other areas in which the Commission deems the advice of the General Counsel to be necessary or desirable. In fulfilling these responsibilities, the General Counsel coordinates liaison activities with Congress and other Federal agencies, drafts comments on legislative proposals, administers the Commission's advisory opinion program, advises the Commission on appeals from denials of access to Commission files under the Freedom of Information and Privacy Acts and advises the Commission as to the disposition of motions to quash orders to file annual or special reports. These legal services are employed in connection with the Commission's competition, consumer protection, and economic activities.

During fiscal 1976, the General Counsel represented the Commission in 207 court cases, including 104 cases on hand at the start of fiscal 1976 and 103 cases which were initiated during the course of the fiscal year. Thirty cases involved appeals to the Courts of Appeal from Commission orders and, of these, eight were in the competition area. The General Counsel represented the

234-638 0 - 77 - 3

Commission in a total of 177 collateral cases during fiscal 1976, including subpoena enforcement, injunction, and Freedom of information Act proceedings. Forty-three of these cases involved the Commission's activities in the area of competition.

In fiscal 1976, the major court litigation in the area of competition had to do with judicial enforcement of Commission subpoenas. Several significant decisions were handed down reaffirming the Commission's broad subpoena powers. In the two Checker Motors Corp. cases, the Sixth Circuit and the Seventh Circuit enforced subpoenas over the objection that the Commission lacked jurisdiction to make the investigation. In Kellogg Co., the District of Columbia Circuit upheld the Commission's right to obtain confidential information. In Texaco, the District of Columbia Circuit granted rehearing en banc and vacated the panel decision upholding the district court order which substantially limited the subpoenas on the grounds that the Commission was collaterally estopped from inquiring into certain matters decided in a previous Federal Power Commission investigation. In First National City Bank, the Second Circuit affirmed the order of the district court dismissing suits brought to enjoin enforcement subpoenas.

In other competition cases the Tenth Circuit denied a request by Kennecott Copper Corporation to modify the court's decree affirming the order requiring Kennecott to divest Peabody Coal Co. In Food Town the Commission sought a preliminary injunction under Section 13(b) against consummation of a merger between two competing retail food chains. Although the injunction was denied by the district court, that denial was reversed by the Fourth Circuit. In British Oxygen Co., on appeal of a preliminary injunction requiring that British Oxygen maintain the company whose stock it had acquired as a separate entity, the Third Circuit vacated one paragraph of the injunction.

The legislative and congressional liaison activities of the Commission included the preparation of reports and testimony for presentation at congressional hearings on a number of bills subsequently enacted. These included repeal of the federal exemption for state "fair trade" laws; improved safeguards to prevent anti-

competitive practices under the Defense Production Act, and the Energy Policy and Conservation Act. Commission and staff spokesmen testified in a number of other areas of congressional inquiry, including Commission enforcement of the Robinson-Patman Act; the competitive affects of decontrolling crude oil and petroleum products; merger enforcement activities of the Commission and the need for Clayton Act amendments; franchisee protection; amendments to enhance the administrative, procedural, and jurisdictional effectiveness of the Federal Trade Commission Act; the marketing of petroleum products; exclusive territorial arrangements in the soft drinks and trademarked food industries; and "government-in-the-sunshine" legislation. The Commission also submitted comprehensive reports on bills dealing with amendments to the Administrative Procedure Act.

Significant fiscal 1976 activities in the legal counsel area included continuing support to the line of business and corporate patterns reports. Advisory opinions were rendered with respect to tripartite promotional assistance plans and backhaul allowances, and an index of all staff opinion letters since 1962 was prepared. A proposal for revision of the Commission's discovery rules for adjudicative proceedings was also prepared.

Administrative Law Judges' Participation In Maintaining Competition Mission

It is not uncommon for a record before an administrative law judge in a major antitrust case to consist of thousands of pages of transcript and hundreds of exhibits. Complaints issued by the Commission have tended to become more complex in recent years, involving larger firms and entire industries, thus making disposition of the cases more time consuming and difficult.

Among the competition cases in trial before the administrative law judges during fiscal 1976 were the following: The Anaconda Company; American General Insurance Company; American Medical Association; Boise Cascade Corporation; Borden, Inc.; Coca-Cola Company; Exxon; Fruehauf Corporation; General Motors Corp.; The Great Atlantic & Pacific Tea Company; Hertz

Corporation; Heublein; ITT-Continental Baking Co.; Kellogg; Kraftco, Inc.; Liggett & Myers; Martin-Marietta Corp.; Pepsico, Inc.; Retail Credit Company; and Textron, Inc.

Fiscal 1971-1976 competition caseload statistics follow:

Fiscal Year	On Hand Beginning of Year	Received	Dispositions
1971	20	16	9
1972	27	19	15
1973	31	19	12
1974	38	12	14
1975	36	14	17
1976	33	14	17

CONSUMER PROTECTION MISSION

The dominant activity of the Consumer Protection Mission at the Commission during 1976 was trade regulation rulemaking. By the end of the year, two trade regulation rules on which work had begun prior to the Magnuson-Moss Act had been promulgated and work had begun on a number of other rules developed under authority conferred in that Act. The common denominator of these various rules was that they addressed restrictions, whether private or governmental, on consumer access to information material to purchasing decisions. The Commission believes that honest and vigorous competition is the most effective form of consumer protection and that restrictions on such competition may raise consumer prices and increase the likelihood of consumer injury. In addition, the Commission explored the need to codify into trade regulation rules the principles of law previously established in hundreds of past decisions.

This review of 1976 accomplishments details these activities and also highlights litigation efforts of the Bureau and regional offices as well as support provided the Consumer Protection Mission by the General Counsel, Office of Administrative Law judges and the Bureau of Economics.

Trade Regulation Rule Promulgation and Enforcement

The Commission devoted substantial effort to proposing, promulgating and enforcing trade regulation rules during fiscal 1976. The significant activities included:

- Issuance of final trade regulation rules begun before the Magnuson-Moss Act involving mail order merchandise and

the preservation of consumer claims and defenses. The latter rule eliminated the holder-in-due course doctrine as a legal defense for separating the consumer's obligation to pay from the seller's duty to perform.

- Promulgation of three rules delineating the duties of businesses that offer written warranties on consumer products and proposal of one additional rule involving depreciation deductions for refunds under full warranty, all under Title I of the Magnuson-Moss Act.

- Pursuant to Title II of the Magnuson-Moss Act, the publication of a proposed trade regulation rule on used cars.

- Completion of hearings on separate rules proposed under the Magnuson-Moss Act concerning funerals, hearing aids, vocational schools and prescription drugs, and one rule proposed before Magnuson-Moss, involving sales of franchises.

- Publication of proposed rules which, if adopted, would end restrictions on price advertising of eyeglasses and contact lenses, prohibit in over-the-counter drug advertising any claim which the Food and Drug Administration prohibits in labeling, require certain affirmative disclosures in the advertising of antacids, and other affirmative disclosures for protein supplements. Also published, in response to widespread public comment on the existing rule, was a proposed revision of the care labeling rule.

- Continued proceedings on four proposed rules dealing with food advertising, mobile homes, credit practices, health spas and the flammability of cellular plastics.

- Utilization of the Bureau of Economics for economic analysis of trade regulation rulemaking proposals.

- Provision of approximately $600,000 to 48 groups to enable them to participate in rulemaking proceedings. The grants were made in accordance with a provision of the Magnuson-Moss Act which permits the Commission to

make funds available to groups with interests that otherwise would not be represented in rulemaking proceedings.

Regulatory Reform

During fiscal 1976, the Commission's Bureau of Consumer Protection continued to study the problem of regulations that prohibit or impede competition - whether imposed by the state or by private professional associations. The focus of these efforts was to identify regulations whose effect was to shelter sellers from competition by limiting entry, forbidding advertising, or other means. In the course of the year, the Commission proposed a trade regulation rule that would strike down prohibitions against advertising the prices of eyeglasses; authorized an investigation to determine whether licensing of radio, television and appliance repairmen was designed to restrict competition; announced a similar investigation concerning licensing of veterinarians; and conducted studies of anticompetitive practices in the real estate brokerage business and of restrictions on ownership of pharmacies.

In addition, the Commission is examining its own regulation by reviewing the case law it has developed over more than 50 years. The Commission will consider the need to codify into trade regulation rules the principles of consumer protection law developed in the course of deciding individual cases and accepting individual consent agreements in a variety of specific areas involving advertising and marketing practices.

Also, the Commission continued its efforts to update and streamline its enforcement program by rescinding 56 obsolete trade practice rules, and by issuing a notice proposing to rescind an additional 50.

To improve its internal cost-benefit evaluation procedures, the Commission established a Division of Evaluation. An Evaluation Committee, composed of attorneys and economists, now reviews the cost-effectiveness of proposed actions at the early stage of case and rule development. In addition, to provide for better coordination of regional office and Bureau activity on a program basis, the

Commission established a program director system in which designated attorneys assumed responsibility for ensuring that Commission-approved programs are implemented in accordance with Commission directives and Bureau policy.

Consumer Protection Litigation

The Commission issued 21 complaints in consumer protection cases during fiscal 1976. In addition, the Commission accepted 131 consent orders negotiated by the Bureau and regional office staff.

Most significant were two litigated decisions in which the Commission took action against advertisers that were misleading the public with health claims. In Warner-Lambert Corp., the Commission issued its first corrective advertising order in a litigated case requiring the respondent to expend ten million dollars on advertising over the next two years that would correct consumer misimpressions concerning the effectiveness of Listerine mouthwash in the treatment of colds and sore throats. In National Commission on Egg Nutrition, the Commission ordered an egg industry group to cease false and unsubstantiated advertising relating to the state of scientific opinion on the relationship among egg consumption, dietary cholesterol and heart disease.

The advertising substantiation program continued as the mainstay of the Commission's advertising enforcement effort. In Chrysler Corp., the Commission sustained an administrative law judge's finding that Chrysler had engaged in deceptive gasoline mileage advertising. In Ford Motor Corp., the Commission affirmed in part a summary decision granted against respondent for unsubstantiated mileage claims and ordered trial of certain disputed factual issues. Consent orders were obtained in Matsushita Electric Corporation and General Electric Corporation, both stemming from complaints alleging misrepresentation of test results relating to the ease of service of the respondents' color television sets. Six major manufacturers of hearings aids (Sonotone Corp., Seeburg Industries, Inc., Textron, Inc., Radioear Corp., Dahlberg Electronics, Inc., and Beltone Electronics Corp.), agreed

to consent orders prohibiting false efficacy and novelty claims. Other cases stemming from the Commission's advertising substantiation program included consent orders obtained in Bridgestone Tire Co. and Firestone Tire & Rubber Co. for unsubstantiated claims, and in STP Corporation for advertising of oil and gasoline additives. A consent order obtained in General Foods Corp., imposed a ban on the depiction of practices in television advertising that might pose hazards to children who emulated them. The Commission also accepted a consent order requiring the disclosure of health hazards associated with pesticides (FMC Corp.).

The Commission also affirmed determinations by administrative law judges that violations of Section 5 had occurred in cases involving deceptive encyclopedia sales (Encyclopedia Britannica, Inc.); deceptive home improvement sales practices (Mutual Construction Co.) (Atlanta); bait and switch in the sale of carpeting (Carpets "R " Us, Inc.) (Washington); false advertising (Hollywood Carpets Inc.) (Washington); false advertising of tours involving so-called "psychic surgery" (Travel King); deceptive advertising of laws and misuse of confidential tax information (Beneficial Corp.); and a deceptive multilevel marketing program for cosmetics dealerships (Koscot Interplanetary, Inc.).

Other significant litigation activity by the Commission included acceptance of four consent orders (Pay 'n Pak Stores, Fred Meyer, Inc., Baza'r, Inc., and Pacific Gamble Robinson, Inc.) (Seattle office), involving unavailability and overpricing by retail food stores; consent orders involving misrepresentation of employment opportunities by tractor-trailer driving training schools (New England Tractor Trailer Co.) (Boston), and deceptive pricing (Levitz Furniture Corporation) (Washington). In ITT Development Corp. (Atlanta), the Commission accepted a consent order requiring the respondent, a Florida real estate development, to provide facilities comparable to those promised at the time of sale, including a shopping center, office space and a major highway interchange. And in SCI, Inc., a large scale operator of funeral homes agreed to refund to consumers all markups of $10 or more on cash advance items purchased during the last four years.

Among the new litigation matters commenced by the Commission was the issuance of complaints against Ford Motor Co., Chrysler Corp., and General Motors Corp. (Seattle), for the retention of surpluses on the resale of repossessed vehicles.

Compliance

In compliance matters, judgments for civil penalties totaling $1,342,500, were obtained during the fiscal year. Particularly noteworthy in fiscal 1976, was the settlement of outstanding counts in the J.B. Williams case for $125,000, bringing the total judgment in that case to $280,000, and a district court award of $1,036,000, now on appeal, against William Bailey of Bestline Products, the largest award ever secured in a consumer protection case. In conjunction with its ongoing compliance monitoring program, the Commission undertook to monitor compliance with Commission orders by some 78 large companies.

Fiscal year 1976 also saw initiation of a new enforcement program under Section 205 of the Magnuson-Moss Act. Section 205 authorizes the Commission to seek civil penalties against persons who knowingly engage in practices determined to be unfair or deceptive in cease and desist proceedings, whether the civil penalty defendant was a party to the earlier proceeding or not. Notice letters were sent to 88 companies informing them of applicable Commission law and 50 subpoenas have been issued to determine compliance.

The Commission also continued its regulation of cigarette advertising by undertaking two new efforts, in addition to publication of the results of its semi-annual testing of "tar" and nicotine levels. The new Commission efforts included suits against the six major domestic cigarette manufacturers, alleging widespread violation of the 1972 consent orders that required display of health warnings in advertising, and an investigation to determine what the cigarette industry and others know about the effects of cigarette advertising and other cigarette promotional activities.

New Statutory Authority

In fiscal 1976, the Commission was delegated new consumer protection authority in areas involving energy labeling and equal rights to credit.

Under the Energy Policy and Conservation Act, the Commission is charged with promulgating and enforcing trade regulation rules requiring disclosure of energy efficiency for designated consumer products. Although planning was begun in fiscal 1976, implementation of these rules will not come until fiscal 1977 and 1978.

The Equal Credit Opportunity Act, effective October 28, 1975, provided that credit may not be denied to applicants on the basis of sex or marital status. During fiscal 1976, the Commission began a program to enforce regulations promulgated by the Federal Reserve Board under this statute. Subsequent amendments to the Act, effective March 23, 1977, include other factors that may not lawfully be used in denying credit and require significant law enforcement efforts in fiscal 1977 and 1978.

Economic Support to Consumer Protection

The Bureau of Economics' support to the consumer protection program focused primarily on rulemaking activities during fiscal year 1976. Economists were assigned to all proposed and planned trade regulation rules to help prepare economic impact statements, gather data and other information for use in hearings, and analyze the social costs and benefits of alternative policy approaches.

The Bureau also conducted independent research in connection with the occupational licensure program. A preliminary report on regulation of veterinarians was completed in fiscal year 1976. Finally, Bureau participation on the recently-established Consumer Protection Evaluation Committee began in March. Two economists attend each meeting to help scrutinize the relative merits of major staff proposals for formal investigations, complaints and consent orders.

General Counsel Support to
Consumer Protection

As noted earlier, the General Counsel staff represented the Commission in 207 court cases during fiscal 1976. Twenty-two of these cases involved appeals to appellate courts from Commission orders resulting from adjudicative proceedings in the area of consumer protection. One hundred seventy-four of the collateral suits initiated by or against the Commission were related to the Commission's consumer protection activities.

Among the decisions issued were several in which the court reviewed final orders to cease and desist issued by the Commission. In Crown Central Petroleum Corp., the District of Columbia Circuit affirmed, with a minor modification, a Commission order prohibiting a refiner of gasoline from misrepresenting the anti-pollution properties of a gasoline additive. In Fedders Corp., the Second Circuit affirmed, in its entirety, a Commission order prohibiting a manufacturer of air conditioners from misrepresenting the cooling properties of its products, and in National Dynamics Corp., the same court approved, in its entirety, a Commission order prohibiting, as misrepresentations, claims as to the earnings which could be realized from selling respondent's battery additives. In the ITT-Continental Baking Co. case, the same court affirmed that part of a Commission order which prohibited as misleading claims that the company's food products will contribute to children's growth, but struck down other prohibitions as not reasonably related to the violations found.

In collateral lawsuits involving consumer protection matters, the Ninth Circuit in Simeon Management Corp., affirmed a district court order refusing to enter a preliminary injunction under either Section 13(a) or 13(b) against representations regarding a weight reduction treatment. The Commission was challenging the representations as unfair and misleading. In Ford Motor Co., the Sixth Circuit upheld the Commission's determination that a respondent could not unilaterally withdraw from a consent order prior to final disposition by the Commission of the order, but further found that the Commission had erred in not according respondent a hearing on its claim that the order placed respondent at an unfair

competitive disadvantage because of a subsequent consent order entered against a competitor. In Brown & Williamson Tobacco Corp., the Second Circuit Court of Appeals affirmed the order of the district court refusing to stay civil penalties while the question of compliance with a Commission cease and desist order is being litigated. In National Funeral Directors Association of the United States, the United States District Court for the District of Columbia dismissed, for lack of jurisdiction, a complaint seeking to enjoin an ongoing rulemaking proceedings.

The legislative staff provided support in a number of legislative and congressional inquiries of direct interest to the Bureau of Consumer Protection. The Commission and staff testified on children's advertising, proposed amendments to the Fair Credit Reporting Act, advertising of over-the-counter drugs, amendments to the Truth in Lending Act, congressional review of administrative rulemaking, debt collection practices and abuses, and condominium practices and problems. Additionally, the Commission reported on, or participated through Bureau spokesmen in, hearings on several bills of particular interest to the Bureau which were enacted during the fiscal year. These included the Real Estate Settlement Procedure Act Amendments of 1975, and the Equal Credit Opportunity Act Amendments of 1976.

Legal counsel activities dealing with the consumer protection mission included drafting final regulations implementing the Commission's trade regulation rulemaking authority. Advisory opinions were rendered on the preemptive effect of the Commission's rules on state and local laws. Responsibilities under the Freedom of Information and Privacy Acts were carried out, including the drafting of procedural regulations implementing the Privacy Act.

Administrative Law Judges' Participation In Consumer Protection Mission

The number of consumer protection cases handled by the administrative law judges has increased gradually in the past several years. In fiscal 1976, 36 new cases were referred for trial. Many of these matters involved large corporations and posed difficult

issues, both of liability and proper relief. The following were among the consumer protection cases in trial before the administrative law judges: American Home Products Corp.; Bristol-Myers; Chrysler Corporation; Control Data Corp.; Ford Motor Company; General Motors Corp.; National Commission on Egg Nutrition; Sears Roebuck & Co.; Genesco, Incorporated; Grolier, Inc.; Horizon Corporation; Kroger Company; Safeway Stores; Retail Credit Company; Sterling Drug.

Fiscal 1971-1976 consumer protection caseload statistics follow:

Fiscal Year	On Hand Beginning of Year	Received	Dispositions
1971	18	24	22
1972	20	24	23
1973	21	31	19
1974	33	31	24
1975	40	47	38
1976	49	36	48

ECONOMIC ACTIVITIES

The fiscal year 1976 program accomplishments of the Economic Activities Mission are summarized here under two broad programmatic headings: financial and statistical reporting and industry analyses. The activities of the economists directly supporting the Maintaining Competition and Consumer Protection Missions are reported as a part of those missions' summaries.

Financial and Statistical Reporting

The primary function of the FTC's financial and statistical reporting activities is to collect, analyze, and publish aggregate data on structural and performance developments in major sectors of the economy.

Line of Business Program (LB)

Review of the 1973 LB forms was completed and work was begun on a truncated report based on data from the 228 companies who filed 1973 LB reports. Enforcement action against the 117 companies who failed to file 1973 LB reports was dropped at the Commission's request.

A 1974 LB form, incorporating major changes from the 1973 form, was directed to 442 companies. Two hundred and sixty-eight have filed completed reports which are being audited. On May 12, 1976, an enforcement action with respect to the 1974 non-complying corporations was filed in the United States District Court for the District of Columbia.

A 1975/1976 LB form, showing only minor modifications from the 1974 form, was sent to GAO for review.

Quarterly Financial Report (QFR)

Publication of the four quarterly reports was accomplished on schedule. As a part of our Program Impact Evaluations, special statistical studies to determine whether there could be a reduction in sample size without serious loss of precision in the estimates of universe totals were initiated. In late fiscal 1976, the Federal Register published the proposals that resulted from these studies and solicited comments from users of the QFR. Final Commission action to reform the QFR sampling procedures should be completed during fiscal 1977.

Corporate Patterns Survey

The 1972 Corporate Patterns Report Survey was sent out to some 1,200 large manufacturing corporations. About 850 of those firms have complied with the 6(b) survey and their data is now being processed. Some 240 corporations have not complied and are currently engaged in litigation with the Commission, which should be completed during fiscal 1977.

Industry Analyses

Bureau economists, along with legal staff from the Bureau of Competition, completed two formal staff reports that were published in fiscal year 1976. A major report, entitled Federal Energy Land Policy: Efficiency, Revenue and Competition, discussed and analyzed the impact of federal policy on: the rate of resource development; efficiency; market structure and competition; and the receipt of fair market value by the government for the offshore and onshore oil and natural gas, oil shale, coal, uranium and geothermal energy industries. The second report, The Structure, Conduct and Performance of the Western States Petroleum Industry, described significant business practices revealed by the Commission's investigation and contained an analysis of the impact of the Trans-Alaskan Pipeline on that industry.

Bureau economists contributed to a third published report, Staff Report on Agricultural Cooperatives, that analyzed the operation of modem agricultural cooperatives under the CapperVolstead Act exemption to the antitrust laws.

Bureau staff has completed several additional reports which have not yet been published. A technical study of market share instability as a measure of competition was approved for publication by the Commission. In addition, two important technical studies, one dealing with the relationship between inflation and market structure and the other dealing with the relationship between the distribution of firm size in an industry and industry profitability were completed, and submitted to professional journals for publication.

Bureau staff also provided economic analysis of the Commission's existing and proposed trade regulation rules including the Preservation of Consumer Claims and Defenses Rule, the Creditor's Remedies Rule, as well as many others. Economists were active participants in the occupational licensure investigations, the real estate brokerage investigation and others. Staff also provided testimony, comments or gave conference papers on the soft drink bottling industry, inflation and market structure, the relation between advertising and monopoly power, the advisability of import quotas on specialty steel and of HEW's "Maximum Allowable Cost" proposal on prescription drug prices.

Major studies of the world steel and the semiconductor industries neared completion. Further studies of prescription drug promotion strategies and of pricing behavior in concentrated industries were initiated. Litigation concerning compliance with the Commission's electrical equipment questionnaire survey continued.

General Counsel
Support to Economics

In fiscal year 1976, the Office of General Counsel continued to be heavily involved in support of the work of the Bureau of Economics. The line of Business program was the subject of extensive litigation in cases filed by companies in anticipation of the Commission's efforts to require them to participate in the Line of Business surveys for 1973 and 1974. In an effort to secure a comprehensive resolution of the legal issues in one proceeding, the General Counsel secured the reversal of a preliminary injunction barring enforcement of Line of Business orders, initiated a proceeding to enforce the 1974 Line of Business orders, and obtained transfers of the pre-enforcement suits to the court where the enforcement proceeding is pending. These actions should expedite a definitive resolution of the issues that have been raised. Similar procedural rulings were secured in pre-enforcement litigation concerning the Corporate Patterns Survey and a study of electrical equipment manufacturers.

Testimony was furnished congressional committees on the food industry price-cost and profit margins; the effects of increasing concentration in the food processing and retailing industries; the projected impact of decontrolling crude oil and petroleum products; the effects of the federally-owned energy resources policy on government revenue and competition; and merger trends and patterns.

Legal counsel activities dealing with the Economics mission included advising the Commission about revisions in the Line of Business program and responses to motions to quash orders to file special reports as part of that program, the Corporate Patterns Survey, and the study of electrical equipment manufacturers.

EXECUTIVE DIRECTION AND POLICY PLANNING

Executive Director

The Executive Director's activities have focused upon improving the methods through which the Commission reviews the status of pending matters and renders guidance to the staff. The highlight of this effort was the Mid-Year Review, held in January 1976. During this session the full Commission used the program budget and information provided by recently-implemented management information systems to evaluate resource commitments to each Commission program. The evaluation included a comparison of actual accomplishments to planned accomplishments and a review of financial status. This review resulted in a shift in resources among some programs, increased guidance to the staff, and an enhanced level of accountability.

In an effort to reduce delay in the processing of cases, a redundant layer of review was eliminated by the abolishment of the Office of Regional Operations. Now regional offices deal directly with the operating bureaus instead of through an intermediary. The bureaus, to streamline their operations, reduce unnecessary delay, and provide central points for policy development and dissemination, have designated program directors for each of the Commission's programs.

In addition, beyond providing day-to-day programmatic guidance to the staff, the Executive Director in fiscal 1976 was involved in:

- Putting into operation the Commission's management information system;
- Strengthening the role of planning in the Commission's decisionmaking process;

- Decentralizing by assigning responsibility for financial and programmatic control to the operating units.

Office of Policy Planning and Evaluation

The Office of Policy Planning and Evaluation (OPPE) prepared and submitted to the Commission the fiscal 1976 Mid-Year Review Report, the fiscal 1977 Budget Overview Report, and the fiscal 1978 Budget Overview Report. In those reports, the Office of Policy Planning and Evaluation made resource allocation recommendations based on its evaluation of the likely consumer benefit. In addition, in its budget documents, Office of Policy Planning and Evaluation proposed several new programs.

OPPE developed, and the Commission approved, two sets of issue-oriented questions, i.e., policy protocols. These policy protocols sought information the Commission needed to assess the value to the public of individual bait-and-switch cases and false or unsubstantiated claims cases. Several other policy protocols have been drafted and are under analysis by the operating bureaus. Additional policy protocols are currently being developed.

OPPE continued to work closely with the Bureau of Consumer Protection and the regional offices in developing the Occupational Licensure Program, which the Commission had created in fiscal 1975 upon OPPE's recommendation. Further, memoranda were submitted recommending five new investigations.

Several impact evaluations are also in progress.

Office of the Secretary

The Office of the Secretary has the responsibility for establishing, maintaining and disposing of all formal and informal records of the Commission, preparing all manuscripts for publication, processing consumer letters, answering requests for public information , and providing those records that are available under the Freedom of Information and Privacy Acts. In fiscal 1976, the FOIA

requests have been triple the number received before the 1974 amendments became effective. Between September 1975 and June 1976, there were 373 Privacy Act requests.

A comprehensive study of the records management. in this office was conducted during fiscal 1976. The final report contained a 12-point program, including a suggested reorganization.

Under the reorganization plan, three divisions have been established along functional lines. Significant progress has been made in the coding of all consumer letters enabling the operating bureaus to identify types and numbers of alleged violations throughout the country. The newly-established Record Disposition Branch has disposed of 750 cubic feet of FTC records. All divisions have written detailed plans and procedures in order to make the transition from manual recordkeeping systems to computer-based systems.

Office of Public Information

The Commission's public information staff distributed copies of approximately 500 news and information releases to reporters, consumers, attorneys, educators, businesses and other groups; handled approximately 40,000 telephone inquiries, and answered or referred thousands of written requests for information to the appropriate action office.

In addition, OPI published a weekly calendar, a weekly News Summary, and a weekly summary of other matters not covered by news releases.

Further, OPI conducted news briefings at headquarters, and assisted or advised the regional offices in holding others. Staff also arranged speakers for consumer groups and associations on request.

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ADMINISTRATION AND MANAGEMENT

During fiscal 1976, the Commission's Administration and Management Mission continued to provide the Commission and its staff with a full range of support services. This section outlines the accomplishments of the personnel, financial, administrative services, management services, and library activities under this mission.

Personnel

Training

Over 16,000 employee hours of in-house training were offered to the legal, professional and secretarial/clerical staff with a total attendance of 1,125 employees. The training programs, both internal and external, were outlined for the entire fiscal year for the first time in a booklet entitled "Training Opportunity." This systems approach to training was a major breakthrough in giving employees and managers a tool for long-term planning of developmental activities. Programs for new as well as experienced attorneys included work on legal skills and related subjects such as economics and accounting. Supervisors were offered training in supervisory techniques.

The agency refined and improved its Executive Development Program. A program was instituted to identify and train highpotential candidates for executive positions. Training was provided for incumbent executives as well. The program has begun to pay dividends in that several participants have been selected for executive positions.

Performance Evaluation

Agencywide performance evaluation systems have been developed and revised. This includes a revised rating form for attorneys and the development of new rating forms for economists, consumer protection specialists, clerical/technical employees, wage board employees, and other administrative/professional employees.

Follow-ups on the implementation of recommendations made in fiscal 1975 personnel management surveys of the Bureau of Consumer Protection, Bureau of Competition, and the Division of Budget and Finance were conducted. In addition, five personnel management evaluation surveys were conducted in fiscal 1976. One of the surveys resulted in a major staff reorganization in a regional office where serious personnel management problems had been identified. Assistance was also given the Dallas Regional Office in reorganizing its staff support structure. Both of these restructurings involved complex and sensitive issues and required large amounts of Division resources.

The Division has been making significant progress in developing internal performance indices and measures of effectiveness. It is anticipated that these systems development activities will provide improved delivery of services.

Employee Relations

Employee relations services were increased and now include the publication of a newsletter, "Personnel Update," to keep supervisors and employees informed on matters of interest.

Increased employee awareness of rights and the increases in both numbers and complexity of EEO-related matters resulted in the staff devoting two and one-half work years to counseling, data gathering and analysis in this area.

Staffing

During fiscal year 1976, 124 law clerks and attorneys were hired after reviewing over 3,200 applications through the attorney recruitment program.

Continued utilization of the hiring plan as part of the Workforce Planning Program resulted in the agency's being at ceiling on June 30, 1976. The workforce planning process now includes managerial attention to position management concerns such as skills mix, recruitment profiles, labor market trends, etc.

Financial Management

Accounting System Improvements

In fiscal 1976, steps were taken to upgrade the accounting software systems to improve the efficiency and operations of the financial management system. These improvements have increased data reliability and decreased the labor intensiveness of the previous system in the area of error corrections and data input.

At the same time, planning was initiated and proposals received to further refine the financial management component of the management information system. Of paramount importance in this effort is the goal of integrating financial data with other information systems, e.g., personnel and weekly activity reporting, as well as increased responsiveness to Commission users of financial and related data.

The accounting branch underwent an internal reorganization to increase productivity in managing an ever-increasing workload caused by an expanding Commission staff and budget.

Operational Planning and Control

In addition to preparing, for the second and third years, the Commission's program budget document, the Division participated in the Commission's second annual Mid-Year Review. In this re-

view, a formal assessment was made of all programs' progress against predetermined program objectives and resources; because of this, a realignment of the Commission's mix of resources and program priorities took place.

Administrative Services

Consolidation

A Prospectus for Proposed Lease Under the Public Buildings Act of 1949 was approved by Congress in June 19 76. The objective of the Prospectus is to consolidate the Commission's five satellite offices in Washington, D.C., thereby housing the Commission in the consolidated facility and the headquarters building.

Cost Reduction/Savings Program

A Cost Reduction/Savings Program was implemented by the Division resulting in a projected savings of over $547,000 during the next seven years. Savings of $291,000 resulted from decisions to purchase equipment previously leased, and $118,175 by an intensive audit of bills and invoices. Another $137,270 in savings was associated with extended-term leasing, consolidation of copier/duplicator facilities, using third-class instead of first-class mail; and realizing quantity discounts in purchasing copier/duplicator paper.

Systems Implementation

Several systems to allocate resources have been developed and feasibility and design studies are in progress for other systems. Operational or in advanced stages of implementation are systems for: stock ordering; property management; duplicating; telephone cost accounting; and employee locating. A contractor is presently evaluating the existing systems and determining requirements and general design for new systems for: reproduction services; procurement control; office space and equipment rentals; building alterations; and equipment repair systems.

Management Services

Records Management Project

The Management Division conducted a comprehensive study of records management activities within the Office of the Secretary. The final report contained recommendations for implementing a 12-point program for improving the total records management activities of the Office of the Secretary. The major emphasis of those recommendations was on providing the Commission and the public with a more responsive legal records process and a more accessible legal research facility through streamlining the document flow; reducing the volume of paperwork created and stored; developing a unified records index system; and upgrading the capabilities and job commitment of the Office of the Secretary's staff. The Office of the Secretary was reorganized in accordance with recommendations outlined in this project report and implementation efforts are underway in other areas covered by the study. Additionally, records management audits were completed in the Bureaus of Competition, Consumer Protection, and Economics and an improved mail system has been implemented.

Legal Search Improvement Project

Current efforts in the legal search improvement project include the installation of the Department of Justice's JURIS system on a pilot basis and the definition of which specific FTC work products should be made available for automated search and retrieval by the FTC staff.

Word Processing Project

An analysis of the text processing requirements of the Commission was completed. The focus of the study was to audit all operations relating to the creation and preparation of all documents in the Commission and to identify methods that would permit greater integration of word processing with the Commission's document storage, retrieval, duplication and distribution requirements. Based upon the results of this study, the Commission has procured minicomputer word processing/telecommunications

equipment to be installed during fiscal 1977 in all FTC organizations replacing existing automatic typewriter equipment. Implementation of this equipment has begun.

Operating Manual Revision

A project was initiated to update the FTC Operating Manual. Initial drafts of all chapters have been completed, including a new chapter covering the Commission's rulemaking process.

Operational Planning and Control System Project

Definition of requirements for developing and integrating the Commission's financial management and operational planning and control systems was undertaken. This involves a complete review of the Commission's processes and development of a revised set of management processes, if appropriate.

Information Systems Activities

During the first half of fiscal 1976 the Information Systems Branch of the Management Division completed a comprehensive "Five Year Plan for Providing Data Processing Support to the Federal Trade Commission." The document specifies the approach the Commission is taking to provide computer support for the legal and economic staff as well as management decisionmaking.

Based on this plan the following major actions in fiscal 1976 have been taken:

- A contract was awarded to consolidate the FTC's computer-processing activities.

- Terminal equipment was purchased to replace the Commission's existing word processing machines with "computerized" terminals. These will increase the Commission's ability to store and retrieve evidentiary materials, internal work products (e.g., legal memoranda, briefs, etc.) and

policy statements (minutes, Rules of Practice, Administrative Manual, Operating Manual), all of which are vital to the Commission's internal legal search requirements.

- The computer has been effectively used to analyze a series of 6(b) questionnaires. Specifically, computerized statistical tools were used for data analysis of the 6(b)'s for land sales, used car dealerships, and vocational schools. In addition, planning was initiated for processing other surveys including a rulemaking survey, the franchise rule enforcement program, a pipeline transportation study, an aspirin questionnaire, an outer continental shelf lease arrangements study, the health spas 6(b), the dental assistants study, an interlocking directorates study, and a study of the AMC warranty program.

- A design document for improvements to the Commission's existing Case/Project Tracking System was developed. This document lays the groundwork for the development of a terminal-based system to enhance the accuracy and timeliness of case management data used for decisionmaking, as well as the automation of numerous data entry and query functions of the Office of the Secretary.

In addition, computer services arc being supplied on a continuing basis to maintain all of the Commission's existing management, administrative and legal support information systems.

Library

During the past year the Library installed five computer information retrieval systems to provide faster and more comprehensive general, legal, business, and economic reference assistance. The Library staff also provided extensive training in the use of each of the legal systems.

A computerized serials routing system was designed and implemented, and plans for additional systems in acquisitions and circulation are currently being developed. The recently instituted computerized cataloging system continues to prove highly successful.

The systematic coverage of all current legislation of interest to the Commission remains very important. Five extensive bibliographies related to Commission work were published and five more are projected for the next six months.

FUNDS AVAILABLE TO THE COMMISSION DURING FISCAL 1976

For fiscal year 1976, funds of $47,199,000 were appropriated for the Commission. Actual expenditures for the year were $46,725,000; these expenditures are detailed below by activity.

Obligations by Activities for Fiscal Year 1976

1. Maintaining Competition:	$16,706,000
Investigation and Litigation	16,706,000
2. Consumer Protection:	19,604,000
Investigation and Litigation	15,945,000
Consumer Credit Enforcement	1,375,000
Fair Packaging and Labeling	64,000
Flammable Fabrics, Textile, Fur and Wool Enforcement	809,000
Magnuson-Moss Warranty Act	1,067,000
Other Special Statutes	344,000
3. Economic Activities:	3,918,000
Investigation and Litigation	22,000
Economic and Financial Reports	3,896,000
4. Executive Direction and Policy Planning	2,679,000
5. Administration and Management	3,818,000
Total Obligations - Fiscal Year 1976	$46,725,000

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