

ANNUAL REPORT  
OF THE  
FEDERAL  
TRADE COMMISSION  
FOR THE  
FISCAL YEAR ENDED JUNE 30  
1943

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
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## FEDERAL TRADE COMMISSION

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

### FEDERAL TRADE COMMISSIONERS--1915-43

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 Rublee	New Hampshire	Mar.16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar.16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917-Nov. 30,1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Hus ton Thompson	Colorado	Jan. 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1. 1921-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, 1925-Jan. 15, 1929.
FebO48Abram F. Myers		



## **LETTER OF SUBMITTAL**

To the Congress of the United States:

I have the honor to submit herewith the Twenty-Ninth Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1943.

By direction of the Commission:

GARLAND S. FERGUSON, *Chairman.*

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**ANNUAL REPORT**  
OF THE  
**FEDERAL TRADE COMMISSION**  
FOR THE  
**FISCAL YEAR ENDED JUNE 30, 1943**

**INTRODUCTION**

**DUTIES OF THE COMMISSION**

The Federal Trade Commission herewith submits its report for the fiscal year July 1, 1942, to June 30, 1943. Organized March 16, 1915, under the Federal Trade Commission Act, which was approved September 26, 1914, and amended March 21, 1938, the Commission is an administrative agency of the Federal Government.

The duties of the Commission fall into two categories: (1) Legal activities in 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 directed the work of its investigative, legal, accounting, statistical, and other services in conducting urgent wartime investigations and studies, for the War Production Board, the Office of Price Administration, and the Office of Economic Stabilization.

Legal activities of the Commission embrace (1) the prevention and correction of unfair methods of competition and unfair or deceptive acts or practices in commerce, in accordance with the Federal Trade Commission Act, in which it is declared that unfair methods of competition and unfair or deceptive acts or practices in commerce are unlawful; (2) administration of section 2 of the Clayton Act, as amended by the Robinson-Patman Act, dealing with 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) administration of the



The Supreme Court denied petitions for certiorari sought by respondents in three cases, and district courts in three instances dismissed actions instituted by respondents.

More than 150 industries operated under fair trade practice rules of the Commission during the year, and the administration of such rules was directed in line with the war effort.

The Wool Products Labeling Act, effective July 14, 1941, was given wide application during the year, attention

had been coordinated with wartime work, were furnished to the Office of Price Administration, the War Production Board, branches of the War and Navy

operating under the War Relocation Authority

## 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 of the Commissioners may belong to the same political party.

As provided in the Federal Trade Commission Act, the term of office of a Commissioner is seven years, dating from the 26th of September<sup>3</sup> 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, 1943, the Commission was composed of the following members: Garland S. Ferguson, Democrat, of North Carolina, Chairman; Charles H. March, Republican, of Minnesota; Ewin L. Davis, Democrat, of Tennessee; William A. Ayres, Democrat, of Kansas, and Robert E. Freer, Republican, of Ohio.

Each December the Commission designates one of its members to serve as Chairman during the ensuing calendar year. Commissioner Ferguson has served as Chairman during the calendar year 1943, having succeeded Commissioner Ayres. Commissioner Freer will become Chairman in January 1944. 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 a division or divisions of the work of the Commission. Chairman Ferguson has supervisory charge 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; Commissioner Ayres, of the Administrative Divisions and the Medical Advisory Division, and Commissioner Freer, of the Radio and Periodical Division and the Division of Accounts, Statistics and Economic Investigations. The Secretary of the Commission is its executive officer.

<sup>3</sup> September 26 marks the anniversary of the approval of the Federal Trade Commission Act in 1914.

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, 1943, numbered 487 officials and employees, including attorneys, economists, accountants and administrative personnel stationed in Washington and in 5 branch offices; In addition, as of June 30, 1943, 121 members of the staff were on military furlough and serving in the various armed forces of the Nation.

### **HOW THE WORK OF THE COMMISSION IS HANDLED**

The legal work of the Commission is under the supervision of its Chief Counsel, its Chief Examiner, its Chief Trial Examiner, the 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, supervises its legal proceedings against respondents charged with violations of the acts administered by the Commission, has charge of the trial of cases before the Commission and in the courts, and supervises the foreign trade work of the Commission as conducted, pursuant to the Export Trade Act, by the Export Trade Section.

The Chief Examiner has charge of legal investigations of applications for complaint alleging violations of the laws over which the Commission 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.

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 fair 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. This division also carries on a special continuing examination of war-related advertising for various war agencies.

The Medical

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 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 85 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 and (2) the stipulations accepted by the Commission wherein respondents agree to cease and desist from unlawful practices. 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 set forth in these volumes 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 in their review of Commission cases are published in separate volumes. The trade-practice rules, the regulations under the Wool Products Labeling Act, and the regulations under the Wool Textile Identification Act are published in

*Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1942.* House Document No.10, Seventy-eighth Congress, First Session, January 9, 1943.

During the war emergency the Commission has limited the size and the number of its publications.

### **RECOMMENDATIONS**

Since 1930 the Federal Trade Commission has consistently recommended in its annual and special reports to Congress the amendment of section 7 of the Clayton Act. The substance of such recommendations was that acquisition of assets be declared unlawful under the same conditions which are already applied to the acquisition of stock. In its annual reports for the fiscal years ended June 30, 1941, and June 30, 1942, the Commission called attention to the endorsement of such recommendations by the Temporary National Economic Committee in its final report and to the Committee's suggestion to Congress that the acquisition of assets of competing corporations over a certain size be forbidden without prior governmental approval to insure that the purpose and probable result of such acquisition would be in the public interest. The Commission is in accord with this view and the principle of the Temporary National Economic Committee of thus limiting future expansion of the evil.

## **PART I. WARTIME INVESTIGATIONS**

Investigations undertaken by the Federal Trade Commission during the fiscal year, 1942, 18 in number, related directly to furtherance of the war effort and were made for and at the request of Government war agencies, including the War Production Board, the Office of Price Administration, and the Office of Economic Stabilization.

The reports on the investigations were made to the war agencies requesting them and related to (1) compliance by industries with priority orders issued by the War Production Board; (2) methods and costs of distributing principal commodities; (3) 1940 financial operations of 86 industrial corporation groups; and (4) costs, prices and profits in the bread-baking, wheat-flour-milling, biscuit and cracker, steel-producing, and fertilizer and related products industries.

These investigations are described 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 certain of the war agencies.

### **PRIORITIES INVESTIGATIONS**

#### **SURVEYS OF TEN INDUSTRIES ENGAGED IN ESSENTIAL WAR PRODUCTION CONDUCTED FOR WAR PRODUCTION BOARD**

The War Production Board, pursuant to authority vested in it by Executive orders issued in January 1942, designated the following ten industries as essential to the war effort:

Under this confirmation, during the fiscal year, the Commission through its Legal Investigation Division undertook 10 Nation-wide surveys for the War Production Board covering the investigation of 2,485 companies engaged in essential war production. Eight of the surveys, involving 2,178 companies, were completed, while surveys of the remaining 307 companies approached completion at the close of the fiscal year. The industries investigated and the number of companies covered in each were:

*Aluminum.*-- Vital requirements of the war program created a shortage of aluminum and aluminum scrap, and in order to conserve their use the War Production Board prescribed restrictions and regulations embodied in its Supplementary Order M-1-d, Amendment No. 1 of Supplementary Order M-1-d, and Supplementary Orders M-1-e and M-1-f.

The investigation covered the operations of 940 aluminum foundries under the above identified orders, as amended.

*Contractors, prime.*--This investigation related to the method of operation of 88 principal plants engaged in the manufacture of major war products and equipment and had to do with matters of procurement, use, and inventory stocks of critical materials. Items such as accounting, inventory control, purchase practices, etc., formed a part of the investigation.

*Tin.*--In furtherance of the conservation purposes (conservation) of the war program TD 070218 T



Production Board. All these investigations were of a highly confidential nature for use by the Board in enforcing compliance with 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 sufficient in size to enable it to dispose promptly 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 continuously.



had, in procuring ranges, hot water heaters, refrigerators, and heating units, extended ratings far in excess of priorities granted in the premises, and whether the records of the concern had been falsified to conceal such alleged violations. The investigation,





**INDUSTRY GROUPS FOR WHICH 1940 OPERATIONS ARE REPORTED**

Important data contained in the reports, listed according to commodity classifications, are shown in the following tables:

TABLE 1.--Average rates of return on the total investment before and after income and excess profits taxes, net profits per dollar of sales, and highest individual rates of return on the total investment for 86 industry and 7 subindustry groups, for 1940

Industry of subindustry group	Rates of	Rates of	Net	Highest
	return on total investment	return on stockholders' investment	profit per dollar of sales	individual rate of return on investment
	before interest and taxes	after interest and taxes		
	Percent	Percent	Cents	Percent
1. Aircraft	69.19	36.36	23.83	109.84
2. Machine tools	35.13	19.44	10.76	100.47

tobacco products and distilled liquor exclude excise taxes.

## INDUSTRY GROUPS FOR WHICH 1940 OPERATIONS ARE REPORTED 19

TABLE 1.--Average rates of return on the total investment before and after income and excess profits taxes, net profits per dollar of sales, and highest individual rates of return on the total investment for 86 industry and 7 subindustry groups, for 1940--Continued

Industry of subindustry group	Rates of return on total investment before interest and taxes	Rates of return on stockholders' investment after interest and taxes	Net profit per dollar of sales total	Highest individual rate of return on investment
	<i>Percent</i>	<i>Percent</i>	<i>Cents</i>	<i>Percent</i>
59. Special industry machinery	11.29	8.80	11.32	224.08
60. Plumber supplies	11.24	8.90	21.21	32.72
61. Footwear: Selling through own stores	11.2	8.5	5.8	30.7
62. Other tobacco products	11.1	9.0	122.5	14.6
63. Distilled liquor	11.00	9.70	113.27	30.33
64. Cigars	10.9	8.7	10.8	24.3
65. Agricultural machinery and tractor	10.78	8.13	10.89	34.46
66. Milk and milk products	10.63	8.99	4.29	100.25

TABLE 2.--Summary of net sales, net profit on sales, and net profit per dollar of sales for 86 major Industry groups, for 2,748 corporations in 1940.

Industry and subindustry group	para-	Num- ber of cor- pora- tions	Net sales on sales	Net profit dollar	Net profit per estimated of sales	New sales to census or value of products
			(Add 000 to amounts)	(Add 000 to amounts)	Cents	Percent
1. Agricultural machinery and tractors	21	\$646,038	\$70,326	10.89	100. +	
2. Aircraft		27	569,767	135,766	23.83	
		<del>569,767</del>				

58. Paper and pulp

153 1,088,239

147,146

13.56

53.74

1 Census comparison not available.

\* Denotes loss.

TABLE 2.--Summary of net sales, net profit on sales, and net profit per dollar of sales for 86 major Industry groups, for 2,748 corporations in 1940--Continued

Industry and subindustry group	Num- ber of cor- pora- tions	Net sales	Net profit on sales	Net profit per dollar of sales	New sales to census or estimated value of products
		(Add 000 to amounts)	(Add 000 to amounts)	Cents	Percent
59. Paving and roofing materials	21	\$109,432	\$6,175	5.64	77.84
60. Petroleum (crude) producing	19	88,190	14,227	16.13	(1)
61. Petroleum refining and marketing	40	4,918,417	477,444	9.71	100. +
62. Plastics	20	43,966	6,706	15.25	61.15
63. Plumber's supplies	16	221,779	47,035	21.21	100. +
64. Power boilers and associated products	21	103,234	10,487	10.16	73.24
65. Pumps, pumping equipment and air compressors	21	68,420	6,520	9.53	38.17
66. Railroad equipment	32	384,783	44,331	11.52	100. +
67. Rayon and allied products	14	261,661	58,766	22.46	100. +
68. Refrigeration and air-conditioning equipment	21	106,977	10,283	9.61	38.4
69. Rubber products	29	948,917	86,352	6.99	100. +
70. Screw machine products and wood screws	23	52,816	7,282	13.79	63.8
71. Sewing machines	8	111,591			

The essential information covering the practices, costs, prices, and profits was obtained with reference to the operations of more than 600 representative bakeries. A report on the facts developed by the in-

quiry was made to the Director of the Office of Economic Stabilization on December 1, 1942, and was used as a basis for the issuance of Food Distribution Order No.1, dated December 29, 1942, by the Secretary of Agriculture. This order effected certain economies in the industry through elimination of certain practices and standardization of the formula for white bread.

Such information in greater detail, particularly in respect to prices, costs, and profits, was tabulated subsequently for the Office of Price Administration for its use in connection with its price actions. This report was furnished also to the Secretary of Agriculture and the War Production Board.

*Wheat flour milling industry.*--As in the study of the bread baking industry, the purpose of the survey of the wheat flour milling industry was to provide the Director of the Office of Economic Stabilization with facts to determine what economies could be effected in the industry so as to remove the need for a recently approved subsidy for wheat, without reducing the return to farmers, or to lower the price of bread to consumers. The Director's request for the survey provided that it should be conducted so that the results would be helpful also to the Office of Price Administration, the Department of Agriculture, the Office of Defense Transportation, the War Production Board, and other agencies.

The inquiry covered practices in the industry and indicated the costs, prices, and profits of an adequate sample of large, medium, and small-sized flour millers for each of the principal flour milling districts. The report was completed in 40 days. Subsequently, a more detailed report on unit costs of producing wheat flour was prepared for the Office of Price Administration.

*Biscuit and cracker industry.*--On March 25, 1943, a report covering the distribution methods, costs, and profits of 43 biscuit and cracker plants operated by 25 companies, including the 4 largest in the industry, was forwarded to the Office of Price Administration. The business of these 25 companies accounted for over 85 percent of the business of the entire industry. The Office of Price Administration requested the Commission to make the inquiry so that it might have basic information for determining its price policy.

The report showed the details of costs and expenses for biscuit and cracker manufacturing plants, including cost of ingredients used, cost of containers and packing materials, direct productive labor, indirect labor, all other costs of production, selling and delivery expense, and general and administrative expense. The information, given for two comparable periods in 1942, March and November, disclosed that in each the costs and expenses were generally lower for the larger companies than for the smaller companies.



realization from the sales of selected grades of fertilizer, analysis of purchases of fertilizer materials, and other related statistics.

One of the principal requirements of the inquiry was to obtain information concerning the costs, prices, and profits for selected formulas of popular-selling fertilizers during 1941 and 1942. Such information was obtained for 103 separate formulas. This involved an analysis of the cost of materials used in each formula, the determination of the processing cost, including mixing, bagging and shipping, the cost of bags and tax tags, and the portion of selling, general, and administrative expenses applicable to each formula. Unit costs per ton were computed for each formula, together with the net sales realization, f. o. b. plant, and the profit or loss per ton. Because of the change in ingredients in the formulas from time to time, particularly in 1942 when certain of the materials became difficult to obtain on account of the war, it was necessary in some instances to cost many of the formulas a number of times throughout the 2-year period to show the effect of changes in costs due to the substitution of certain materials for those customarily used.

### **OTHER WARTIME ACTIVITIES**

*Interdepartmental service.*--For almost 40 years the Commission (and its predecessor, the Bureau of Corporations) has been collecting and establishing 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.

*Advertising analyzed and reported to war agencies.*--At the request of various war agencies, the Commission during the fiscal year surveyed, analyzed, summarized and periodically reported to the agencies concerned therewith, such advertising as contained any pertinent war-related references to war production, the general public health, morale, price rises or trends, rationing, priorities, and rubber and other selected materials; advertisements advising the public to "buy now" or containing statements that materials are or will be scarce, 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. Any advertisements found to contain possible violations of the 'Code of Wartime Practices for American Broadcasters and the Code of Wartime Practices for the American Press, as promulgated by the Office of Censorship, were transferred to that office for appropriate action.



*Membership on war committees.*--The Chairman of the Federal Trade Commission served as a member of the Price Administration Committee of the Office of Price Administration and was the Commission representative in its continuing relationships with the Office of Economic Warfare. The Commission placed its staff of accountants, economists, and Statisticians at the disposal of the Office of Economic Warfare to make such studies and investigations as it required.

In response to a request from the Bureau of Industrial Conservation of the Office of Production Management (now the War Production Board), the Chairman of the Commission served as a member of that agency. The Chairman also was a member of a committee for the development and utilization of the country's present and future petroleum resources and facilities, of which committee the Petroleum Coordinator for National Defense is Chairman.

Members of the Commission staff served on the following committees of the Advisory Commission to the Council of National Defense: Inter-Departmental Conference Committee on National Food Resources; Subcommittee of Inter-Departmental Conference Committee on Planning and Procedure; Fruit and Vegetables Committee; Tobacco Committee; and Food Distribution Committee.

The Medical Advisory Division of the Commission served on request as advisor 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 CouCom (liais)ubcb

## **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

tion to the Commission under the procedure more fully explained on page 84.

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 stipulation as to the facts and an agreement to cease and desist from the practices as set forth in the stipulation; or (8) issuance of formal complaint.

If the Commission decides that a formal complaint should issue, the case 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 of the complaint.

Where evidence is to be taken either in a contested case or 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 6TD 0 Tc ( ) Tj

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

At the beginning of the fiscal year, there were pending for investigation in the Legal Investigation Division 2 285 preliminary or Un-docketed cases. Four hundred and

disposition by the Commission, leaving 46 pending on the active investigational calendar as of June 30, 1943.

Price fixing continues to be the most frequently recurring charge among the restraint-of-trade cases, although 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 bo

in the industrial field of commercial enterprise. During the year the Commission gave consideration to two preliminary matters, both of which were on the suspense calendar at the beginning of the year. These matters involved alleged unlawful stock acquisition by corporations respectively engaged in the production and sale of a tanning product and in the compression and storage of cotton, and were disposed of by the Commission because investigation failed to indicate violation of law. At the close of the year the Commission had for consideration no formal or docketed matters and only three applications for complaint involving alleged violation of section 7 of the Clayton Act.

#### **CLAYTON ACT SECTION 2, AS AMENDED BY THE ROBINSON-PATMAN ACT**

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

Matters involving possible violations of this 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 case.



privilege of signing a statement of fact and an agreement to discontinue the unfair practice.

A total of 280 stipulations in which individuals, firms, and corporations agreed to cease and desist from unlawful practices were approved by the Commission during the fiscal year. These included 171 general cases and 109 cases pertaining especially to radio and periodical advertising matter (see p.84).

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, page 105.

## **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 212 complaints, of which 196 charged violation of the Federal Trade Commission Act and 17 violation of the Clayton Act.

One of the Clayton Act complaints contained a count alleging violation of the Federal Trade Commission Act and is included in the totals for both acts.

Six of the complaints charged violation of both the Federal Trade Commission Act and 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. Full text of any complaint may be

obtained upon application to the Federal Trade Commission)

Thirteen complaints were issued alleging combination and conspiracy to fix prices and to restrain trade in the sale of various products. These complaints, which named 143 individuals, firms and corporations as respondents, involved the following products:

Electrical equipment, accessories and supplies (4798, 4800, and 4806); millwork and lumber (4799 and 4804); metal partitions, fire doors, and elevator entrances (4801); wire fencing and related products (4802); machine tools and pumps (4803); machine tools (4805); chain and chain products (4878); fire brick and other refractory products (4900); automatic temperature controls (4920); and steel dies (4921).

##### **B. FALSE ADVERTISING AND MISREPRESENTATION**

A total of 132 complaints issued by the Commission charged false and misleading representations in advertisements, on labels, and otherwise. They may be classified

broadly as follows:

Forty-four complaints alleged false and misleading representations concerning the therapeutic value of

**II. COMPLAINTS UNDER THE WOOL PRODUCT LABELING ACT**

Six

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

Violation of section 2 (c) of the act, the so-called brokerage section, was alleged by the Commission in nine complaints issued against corporations, partnerships and an individual, engaged principally in buying and selling food products, including canned fruit, vegetables and sea food, and lima beans.

Seven of the complaints were directed against the respondents' practice of purchasing food products for their own account for resale and accepting from the sellers brokerage fees, or

Under section 3 of the Clayton Act, two complaints were issued by the Commission, each referred to previously as also involving alleged violations of the Robinson-Patman Act.

Complaint 4920 charged a corporation manufacturing automatic temperature controls for heating plants with making sales and contracts for sales of its products on the condition that the purchasers should not deal in or use any automatic temperature control of a



and classifying customers for the purpose of fixing discounts allowed them (4145).

*The Wire Rope & Strand Manufacturers Association, Inc., of Washington, D.C., and others.*--In this proceeding the Commission

directed its order against a price-fixing combination involving the association and its 15 member manufacturers of nonpatented wire rope. Subsequently, the Commission dismissed the complaint as to the association and in its modified findings as to the facts and order directed the respondent manufacturers to cease and desist from entering into, continuing, or carrying out any agreement, understanding, or conspiracy, and from continuing or cooperating in any planned common course of action, for the purpose of fixing prices; adhering to any price-fixing formulas for applying discounts to list prices; establishing, maintaining or adhering to territorial delivered-price zones; making quotations upon a delivered-price basis under a zone system, whereby all of their quotations were made identical to all destinations within a particular zone; adopting uniform classifications of customers; filing and exchanging with each other names of their respective customers; and adopting and using arbitrary definitions and other practices to restrict the selection of and sales to distributors (4443).

*The Milk Cap Statistical Bureau, Philadelphia, and others.*--This unincorporated trade association and its member producers of paper disc milk bottle caps were ordered to cease and desist from entering into and carrying out, or aiding or abetting in the carrying out of, any agreement or concert of action for the purpose or with the effect of restricting or eliminating competition in the sale in commerce of milk container closures, and from doing, pursuant thereto, any of the following acts: fixing or maintaining prices, uniform discounts, terms or conditions of sale, uniform freight charges, uniform quantity prices or price differentials on quantity purchases; consulting or communicating in any manner relative to prices to be quoted and charged; limiting quantities to be sold under single contracts; preventing the making of sales to other than regular jobbers and dairy customers; exchanging intimate details of each other's business; compiling, publishing, or distributing a so-called dairy rating book; and holding and sponsoring meetings for the discussion and interchange of information relative to prices, discounts, conditions, charges or terms of be fixed (4448).

*Specialty Accounting Supply Manufacturers Association, Chicago, and others.*--This unincorporated trade association and its member manufacturers of printed stationery, including sales books, continuous multiple sets of business forms for use in billing machines and typewriters, and autographic register stationery for making handwritten or machine records of various types of business transactions, were ordered to cease and desist from entering into, continuing, cooperating in or carrying out any common course of action in fixing and maintaining prices; arriving at the amounts of any bid or price quotations



terms, conditions of sale, quantity prices or price differentials; consulting or communicating with each other for the purpose of obtaining consent or agreement relative to prices; limiting the quantity of closure caps which may be bought under a single contract; preventing sales to cooperative buying agencies and acting to confine sales exclusively to jobbers and dairies; forwarding copies of invoices, including price information, to the association; exchanging price lists showing current or future prices with the agreement that such prices shall not be deviated from until new price lists are exchanged; holding meetings for exchange of price information; and compiling, publishing, or distributing a rating book for the purpose or with the effect of establishing ratings upon which price differentials for dairies are to be based (4565).

*Linen Supply Board of Trade of New Jersey, Newark, N.J., and others.*--This trade association and its members, engaged in leasing or renting linen supplies, were ordered to cease and desist from entering into, continuing, cooperating in or carrying out any common course of action or conspiracy to engage in the following practices: fixing or maintaining prices, discounts or other terms and conditions; reporting to the board the names of customers who have leased or rented linen supplies; refraining from soliciting business from customers of other members of the association; adopting or maintaining exclusive-dealing contracts with their customers; requiring indemnities from members who obtained business from customers of other members; setting up or maintaining an arbitration board as a punitive agency to impose fines for non-compliance with the board's regulations; establishing or operating "bogus" independents; checking and policing the prices at which respondent members lease or rent to their respective customers; and coercing or attempting to coerce any manufacturer of linen supplies into refusing to sell or extend credit to supply houses not members of the respondent board (4588).

*Uniform Manufacturers* 500 Of 1102081-97c To 7/1/12 as form T.88 0 D8 0 Tc ( Tc 5rent) Twrd y-

*Garment Box*

of any disease caused by or associated with a vitamin B<sub>1</sub> deficiency, or that it is anything more than a food supplement which supplies certain vitamins in quantities which can be obtained through the ingestion of ordinary foods (4021).

*Atmoray, Inc., and Atmozone, Inc*

ORDERS UNDER THE FEDERAL TRADE COMMISSION ACT







*The Brunswick-Balke-Collender Co., Chicago.*--The order directed this manufacturer of bowling pins and other bowling equipment to cease and desist from selling or making any contract for the sale of such equipment on the condition that the purchaser shall not use bowling supplies other than those acquired from the respondent, and from using any sales plan which includes the promotion or operation of



TYPES OF UNFAIR METHODS AND PRACTICES 51

lists, or guides, or exchange of trade information calculated to bring about these ends, or otherwise restrain or hinder free competition.

16. 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.

17. Aiding, assisting, or abetting unfair practice, misrepresentation, and deception, and furnishing means or instrumentalities there-for, 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.

18. Various schemes to create the impression that the customer is being offered an opportunity to make purchases under unusually favorable conditions when such is not the case, such schemes including--

19. 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.

20. 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, branches, domestic or foreign, or the dealer outlets has.

(b) Making false claim of being the authorized distributor of some concern, or failing to disclose the termination of such a 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 said competitor's business has been discontinued, or falsely claiming the right to prospective customer's special consideration, through such false statements as that the customer's friends or his employer have expressed a desire for, or special interest in, consummation of seller's transaction with the customer.

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

(d) False claim by a vendor of being an importer, or a technician, or a diagnostician, or a manufacturer, grower, or nurseryman, 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) Misrepresentation by the publisher of the advertisers' products as compared with competing products, services or other commercial offering, by the issuance of seals of approval or other insignia of pretended tests, inquiries, investigations or guaranties, or by the publication of exaggerated claims.

21. 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; 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 and impracticable, if not impossible.

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

(e) Making use of improper and coercive practices as means of exacting additional commitments from purchasers, through such practices as unlawfully withholding from purchaser property of latter lent to seller incident to carrying out of original

commitment, such as practice of declining to return original photograph from which enlargement has been made until purchaser has also entered into commitment for frame therefor.

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

(g) Obtaining agents or representatives to distribute the seller's products, through promising to refund the

(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, or to designate a product lacking the necessary ingredients of paint.

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

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

25. Coercing and forcing uneconomic and monopolistic reciprocal dealing.

26. Entering into contracts in restraint of trade ( a )

endorsements or false and misleading claims with respect thereto, or otherwise.

28. 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 retailing, 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.

29. 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.

30. 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.

## **CASE 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 24 were before United States circuit courts of appeals and 13 before United States district courts. Two Commission orders were set aside in the circuit court of appeals.

The Supreme Court in three cases denied petitions for certiorari bought by respondents: in two instances where circuit courts of appeals had affirmed Commission orders and in one where a circuit court of appeals had affirmed the judgment of a district court imposing penalties for violation of a Commission order.

Circuit courts of appeals affirmed 16 orders to cease and desist issued by the Commission (3 with modifications) and dismissed petitions for review in 6 cases. In one case the court of appeals denied the petition of a respondent for a modification of a decree affirming a Commission order; in another it refused to enjoin penalty proceedings instituted in a district court on behalf of the Commission; and in a third it remanded the case to the Commission for further consideration.

On motion of the Commission, district courts in three instances dismissed actions instituted by respondents: in one case a petition for

review of a Commission order; in a second where an injunction was sought to prevent the trial of a Commission proceeding; and in a third a suit for a declaratory judgment.

District courts imposed civil penalties for violation of Commission orders in nine cases, one such suit being dismissed without prejudice.

On application of the Commission, a district court also enjoined the dissemination of false advertisements of certain medicinal preparations.

Twenty-six 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**

*American Medicinal Products, Inc. and others, Los Angeles.*--A Commission order directed against the nondisclosure, by petitioners, of the harmful potentialities of a flesh-reducing compound advertised and sold under the name "Reducoids", was affirmed without dissent by the Ninth Circuit (San Francisco) (136 F. 2d 426).

*Earl Aronberg, trading as Positive Products Co. and Rex Products Co., Chicago.*--The Seventh Circuit (Chicago) unanimously affirmed a Commission order directed against failure to disclose the dangerous character of emmenagogues (132 F. 2d 165). Concurring in the Commission's criticism of the petitioner's advertising, the court called attention to the fact that "the buying public does not ordinarily carefully study or weigh each word in an advertisement" and that "the ultimate impression upon the mind of the reader arises

*Benton Announcements, Inc. Buffalo.*--The Second Circuit (New York) affirmed a Commission order proscribing the misrepresentation of embossed printing as "engraving" (130 F. 2d 254). The court, commenting upon the practice, remarked that "It is true that few, if any, but experts in the craft can distinguish between 'engraving' as the Commission has defined it and the petitioner's stationery; nevertheless, people like to get what they think they are getting, and courts have steadfastly refused in this class of cases to demand justification for their preferences."

*J. A. Bockenstette and Rose M. Bockenstette, Sabetha, Kans.*--A unanimous decision affirming and enforcing a Commission order prohibiting exaggerated claims as to the average egg production of hens raised from chicks sold by the petitioners was handed down by the Tenth Circuit (Denver) (134 F. 2d 369). Referring to the petitioners' claims that their advertisements were not misleading and that there was no evidence that any person was actually deceived, the court stated that "words and sentences may be literally and technically true and yet be framed in such a setting as to mislead or deceive. \* \* \* It is not necessary, however, for the Commission to find that actual deception resulted. It is sufficient to find that the natural and probable result of the challenged practices is to cause one to do that which he would not otherwise do \* \* \* and that the matter is of specific public interest."

*De Forest's Training, Inc., Chicago.*--A Commission order banning advertisements exaggerating the possibilities or opportunities for the employment of students or graduates of the petitioner's home-study course in television was modified in one particular, and then affirmed and enforced by the Seventh Circuit (Chicago) (134 F. 2d 819). The court agreed with the Commission "that the statements have the tendency to, and do, mislead and deceive a substantial portion of the public." The petitioner's petition for rehearing was denied.

*John J. Fulton Co., San Francisco.*--By an undivided court (130 F. 2d 85), the Ninth Circuit (San Francisco) affirmed a Commission order outlawing what were found to be misrepresentations as to the therapeutic value of "Uvursin," a product sold as an effective treatment for diabetes. The petitioner argued that since none of the expert witnesses called by the Commission had prescribed Uvursin or observed its effects in concrete cases, their testimony was incompetent and inadmissible. The court stated: "There is no good reason to suppose them incompetent to express an opinion as to the lack of therapeutic value of petitioner's preparation merely because they had had no personal experience with it in the treatment of the disease. Their general medical and pharmacological knowledge qualified them to testify." A petition for certiorari was denied (317 U.S. 679).

*General Motors Corporation and General Motors Sales Corporation, Detroit.*--On motion of the petitioners, the Sixth Circuit (Cincinnati) entered an order permitting withdrawal of the petition for review. The Commission order proscribed coercive and monopolistic practices by the petitioners in their relations with their dealers as violations of the Federal Trade Commission Act and section 3 of the Clayton Act. Prior to the certification of the record, the petitioners proposed that if the Commission would make clarifying modifications in its order, they would withdraw their appeal and file a report of compliance. The Commission approved the proposal, with the result referred to.

*Grand Rapids Furniture Co., Inc., Passaic, N. J.*--The Third Circuit (Philadelphia) affirmed a Commission order forbidding the use of the name "Grand Rapids" in the corporate name and as descriptive of furniture (not manufactured in Grand Rapids, Mich.) sold by the petitioner (134 F. 2d.332)

*International Parts Corporation, Chicago.*--A decision vacating the Commission order in this proceeding was handed down by the Seventh Circuit (Chicago) (133 F. 2(1 883). The order was directed against what were found by the Commission to be misrepresentations concerning the efficiency of automobile mufflers sold by the petitioner and the disparagement of competitive devices.

*Jergens-Woodbury Sales Corporation, Cincinnati.*--On joint motion of the parties, the Sixth Circuit (Cincinnati) entered a consent decree modifying (clarifying) in certain respects the findings as to the facts and order to cease and desist,

proscribed practices found by the Commission to be in restraint of trade in the sale of medical books.

*Lottery cases.*--Six cases involving lottery methods in the sale of candy, punchboards and other merchandise were decided favorably to the Commission, as follows:

Following the denial of their petition for certiorari (317 U.S. 683), Philip Harry Koolish and Sara Allen Koolish, trading as Standard Distributing Co., Chicago, filed petition for rehearing, which likewise was denied by the Supreme Court (317 U.S. 711).

On motion of the Commission, the district court at Minneapolis dismissed the petition for review filed by Perce P. Green and Howard Rand, trading as Green Supply Co., ~~St. Paul~~ e v

practices, in that its labels and packages failed adequately to reveal the potential danger to health that might result from excessive use of the preparations. The Commission had accorded the plaintiff opportunity of disposing of the case by signing a stipulation as to

directing,

**CIVIL PENALTIES UNDER THE FEDERAL TRADE COMMISSION ACT**

Ten cases 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 \$9,575 were entered, as follows:

*Bureau of Hygiene, Inc., New York.*--District Court for the Southern District of New York; judgment for \$500.

*Sweet Candy Co., Salt Lake City.*--District Court for the District of Utah; judgment for \$1,000.

*Sweets Company of America, Inc., New York.*--District Court for the District of New Jersey; judgment for \$1,000.

*Wilson Chemical Co., Inc., Tyrone, Pa.*--District Court for the Western District of Pennsylvania; judgment for \$1,800.

*Ink. Company of America, Chicago.*--District Court for the Northern District of Illinois; judgment for \$525:

*Midwest Sales Syndicate, Chicago.*--District Court for the Northern District of Illinois; judgment for \$750.

*Meister Candy Co., Cambridge, Wis.*--District Court for the Western District of Wisconsin; judgment for \$1,000.

*Motor Equipment Specialty Co., Beaver City, Nebr.*--District Court for the District of Nebraska; judgment for \$500.

*E. R. Page Co., Inc., Marshall, Mich.*--District Court for the Eastern District of Michigan; dismissed without prejudice.

*American Television Institute, Inc., Chicago.*--District Court for the Northern District of Illinois; judgment for \$1,000.

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Michigan; dismissed without prejudice  
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*Associated Laboratories, Minneapolis.*--Eighth Circuit (St. Louis), false and misleading advertising of "Detoxifier" for colonic irrigation.

*Joseph G. Branch, trading as Joseph G. Branch Institute of Engineering and Science, Chicago.*--Seventh Circuit (Chicago), misrepresentation of correspondence school as properly qualified and recognized educational institution of higher learning with power to confer degrees.

*Hiram Carter, Inc., Elmhurst Long Island, N. Y.*--Court of Appeals for the District of Columbia, misrepresentation of efficacy of proprietary medicines.

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

*Fresh Grown Preserve Corporation, Lyndhurst, N.J., and others.*--Second Circuit (New York), false labeling and misbranding of preserves. This case is before the court for consideration of additional evidence it ordered taken by the Commission.

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

*Greening Nursery Co., Monroe, Mich.*--Si Monroe, is is

*E. B. Muller & Co., Port Huron, Mich., and Heinr. Franck Sons, Inc., Flushing, N. Y.*--Sixth Circuit (Cincinnati), discrimination in price of granulated chicory, in violation of section 2 of the Clayton Act, and restraint of trade.

*National Press Photo Bureau, Inc., Kay Hart Studios, Inc., Bolivar Studios, Inc., New York.*--Second Circuit (New York), using the words "National Press," etc., in the corporate name to describe a commercial photographic business, or otherwise implying that petitioners are news or press photographers.

*Philip R. Park, Inc., San Pedro, Calif.*--Ninth Circuit (San Francisco), false and misleading advertising of concentrated food for cattle.

*Parke, Austin & Lipscomb, Inc., and Smithsonian Institute Series, Inc., New York.*--Second Circuit (New York), misrepresentation, in connection with the sale of books, of the respondents' relationship with Smithsonian Institution, of Washington, D. C., and with the United States Flag Association.

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

*Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, Philadelphia, and others*--Seventh Circuit (Chicago), combination in restraint of trade in various products used by engineers and surveyors.

*Segal Lock & Hardware Co., New York.*--

*Stanley Laboratories, Inc., and others, Portland, Oreg.*--Ninth Circuit (San Francisco), misleading advertisements of "M. D. Medicated Douche Powder."

*Stephen Rug Mills, Yew York.*--Second Circuit (New York), mis-leading use of word "Mills" in trade name.

*Ultra-Violet Products, Inc., Los Angeles.*--Ninth Circuit (San Francisco), misrepresentations concerning the therapeutic value of an ultraviolet ray lamp designated "Life Lite."

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

*United States Steel Corporation, American Bridge Co., Carnegie-Illinois Steel Corporation, American Steel & Wire Co. 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.

*Warner's Renowned Remedies Co., Minneapolis.*--Court of Appeals for the District of Columbia, misleading advertising of products sold for feminine hygiene.

*Wholesale Dry Goods Institute, Inc., New York, and others.*--Second Circuit (New York) restraint of trade.

*The Wire Rope & Strand Manufacturers Association, Washington, D. C.*--As previously noted (see p.62), the petition for review filed by this association was dismissed by the Fourth Circuit (Richmond) on joint motion of the parties. A petition

TABLE 2.--*Applications for complaints*  
 FISCAL YEAR ENDED JUNE 30, 1943 CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1943

Pending beginning of year	1,032	Applications docketed	18,373
Applications docketed	783	Rescissions:	
Rescissions:		To complaints	10
To complaints	0	Settled by stipulations to	
Settled by stipulation to cease and		cease and desist	222
desist	4	Settled by acceptance of	
Settled by acceptance of TPC		TPC rules	6
rules	0	Consolidated with other	
Consolidated with other pro-		proceedings	0
ceedings	0	Dismissed for lack of	
Dismissed for lack of merit	0	merit	81
Closed for other reasons	2	Closed for other rea-	
		sons <sup>1</sup>	42
Total for disposition	1,821	Total for disposition	18,734
To complaints	170	To complaints	4,543
Settled by stipulation to cease and		Settled by stipulations to	
desist	260	cease and desist	5,942
Settled by acceptance of TPC rules	0	Settled by acceptance of TPC	
Consolidated with other proceedings	17	rules	97
Dismissed for lack of merit	0	Consolidated with other pro-	
Closed for other reasons	427	ceedings	122
		Dismissed for lack of merit	3,883
Total disposition during year	874	Closed for other reasons <sup>1</sup>	3,220
Pending end of year	947	Total disposition	17,787
		Pending June 30, 1943	947

<sup>1</sup> 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, 1943 294 TD 0.66 Tc -0.03 Twheginn Tw 947





Decisions for Commission	4	Petitions withdrawn by Commission	4
Decisions for others	0	Petitions withdrawn by others	5
Petitions withdrawn by Commission	0		
Petitions withdrawn by others	0		
		Total disposition	106
Total disposition during year	4	Pending June 30, 1943	0
Pending end of year	0		

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

FISCAL YEAR ENDED JUNE 30, 1943		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1943	
Pending beginning of year	0	Appealed by Commission	8
Appealed by Commission	0	Appealed by others	2
Appealed by others	0		
		Total appealed	10
Total for disposition	0	Decisions for Commission	2
		Decisions for others	5
Decisions for Commission	0	Certiorari denied Commission	1
Decisions for others	0	Certiorari denied others	2
Certiorari denied Commission	0		
Certiorari denied others	0	Total disposition	10
		Pending June 30, 1943	0
Total disposition during year	0		
Pending end of year	0		



practices also

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 AND THEIR OPERATION

Industries thus far placed under fair trade practice rules are of great variety, embracing heavy industries as well as so-called consumer goods industries. The practices treated and the products of the different industries are likewise of great variety (see pp.73 to 75, inclusive). Active operations during the fiscal year were concerned with more than 150 industries. Work in connection therewith covered necessary compliance activities, interpretation of the rules, and their application to specific situations arising in respective industries. The codified provisions aggregate many hundreds of rules. For example, the last 50 industries on the list embrace a total of 884 rules, of which 773 are in Group I and 111 in Group II. 1

In addition to various conferences held with business groups throughout the year, necessary contact with the industries was maintained, particularly as to effecting compliance with the provisions and in affording assistance to industry members in proper application and observance of the rules in order to promote the use of fair practices and protection of the public interest. In cases of alleged objectionable practices 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. Throughout the year widespread compliance with the rules was manifested by members of industry, the approved rules thus providing a constructive influence and very substantial benefit to the public and to business, as well as aiding in the war effort.

### TYPES OF PRACTICES COVERED IN APPROVED RULES

Following are illustrations of the variety of subjects covered by trade practice rules now in effect: misrep (are) 11 1323 1D 0 6Tc ( ) Tj.009D

Misbranding; misrepresentation in various are covered

petitors or disparagement of their products; impersonation or misrepresentation to obtain competitors' trade secrets; harassment of competitor's by circulation, in bad faith, of threats of infringement suits; 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 "passing off"; deceptive use of so-called "free goods" deals; 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; cost with selling below 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; 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"; or

United States Government  
 and the Federal Trade Commission  
 (Protecting Competition and Consumer Interests)  
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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 20,000, 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 all 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

advertisance.



## CLASSIFICATION OF PRODUCTS

<i>Commodity</i>	<i>Percent</i>
Food, drugs, devices, and cosmetics:	
Food (human)	9.7
Food (animal)	4.1
Drugs	48.0
Cosmetics	17.1
Devices	2.0
	80.9
Other products:	
Specialty and novelty goods	2.6
Automobile, radio, refrigerator, and other equipment	.5
Home study courses	.7
Tobacco products	.9
Gasoline and lubricants	.9
Miscellaneous, including apparel, fuels, house furnishings, and building materials	13.5
	19.1
Total	100.0

*Number of cases handled.*--The Commission during the fiscal year sent contact letters to advertisers in 307 cases and to advertising agencies in 22 cases, and accepted 109 stipulations involving radio and periodical advertising, of which 8 were amended, substitute or supplemental stipulations.

A total of 327 cases were disposed of by various methods of procedure. Of this number, 155 were considered settled upon receipt of reports or other evidence showing compliance with previously negotiated stipulations, 35 supplemental investigations were filed without action for various reasons, and 137 cases were closed without prejudice to the right of the Commission to reopen if warranted by the facts, 82 of them for lack of jurisdiction or lack of evidence sufficient to establish a violation of law, 50 because of discontinued practices or insufficient public interest, 2 because of corrective action by the Post Office Department, and 3 because of the death of the respondents.

In addition, the Commission in 42 cases directed issuance of complaints, 29 because advertisers failed to stipulate, 9 because of violations of previous stipulations, and 4 because the privilege of stipulation was not extended to the advertisers. Field investigations were ordered in 17 cases.

At the close of the year, 639 cases were pending as compared with 726 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



## **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. One of the most important phases of this work is to advise the Commission with respect to medical, chemical or scientific questions relating to food, drugs, devices, and cosmetics. A substantial amount of the division's time has been devoted to assisting the legal staff of the Commission at hearings where the nature of the scientific problems involved makes technical help necessary.

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. They serve without compensation as expert witnesses at Commission hearings, their testimony being essential to a determination of the facts.

Through its Medical Adviser the Commission maintains contact with other Government agencies concerned with food, drugs, devices, and cosmetics. Included among these 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

## **PART VII. FOREIGN TRADE WORK**

### **THE EXPORT TRADE ACT**

The Federal Trade Commission is charged with administration of the Export Trade Act (Webb-Pomerene Law) of April 10, 1918, which authorizes the organization of cooperative associations in export trade.

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.

Organization papers and current reports are required to be filed with the Commission. At the close of the fiscal year, 49 associations were on file, representing companies producing and exporting a variety of products, including lumber, plywood, insulation and wallboard, box shooks, iron and steel products, metal tires and springs, pipe fittings, screws, lath, wire rope, electrical apparatus, copper, cement, phosphate, sulphur, potash, alkali, soda pulp, carbon black, rubber, abrasive materials, flints,

**ASSOCIATIONS ON FILE WITH THE COMMISSION**

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

- American Box Shook Export Association, 307 Barr Building, Washington, D.C.
- American Hardwood Exporters, Inc., 901 Carondelet Building, New Orleans.
- American Provisions Export Co., 80 East Jackson Boulevard, Chicago.
- American Soda Pulp Export Association, 230 Park Avenue, New York.
- American Spring Manufacturers Export Association, 30 Church Street, New York.
- American Tire Manufacturers Export Association, 30 Church Street, New York.
- California Alkali Export Association, 609 South Grand Avenue, 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.
- Cement Export Co., Inc., c/o M. S. Ackerman, Treasurer, 150 Broadway, New York.
- Copper Exporters, Inc., 50 Broadway, New York.
- Douglas Fir Export Co., 530 Henry Building, Seattle.
- 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.
- Electrical Export Corporation, 122 East Fifty-first Street, New York.
- Export Screw Association of the United States, 23 Acorn Street, Providence, RI.
- Flints Export Agency, 50 Broad Street, New York.
- Florida Hard Rock Phosphate Export Association, 1403 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.
- 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, Wash.
- Pacific Fresh Fruit Export Association, 333 Pine Street, San Francisco.
- Pencil Industry Export Association, 37 Greenpoint Avenue, Brooklyn.
- Phosphate Export Association, 393 Seventh Avenue, New York.
- Pipe Fittings and Valve Export Association, The, 1421 Chestnut Street, Philadelphia.
- Plate Glass Export Corporation, 2000 Grant Building, Pittsburgh.
- Potash Export Association, Inc., c/o Maj. Fred N. Oliver, secretary., 110 East Forty-second Street, New York.
- Redwood Export Co., 405 Montgomery Street, San Francisco.
- Rice Export Association, 1103 Queen & Crescent Building, New Orleans.
- Rubber Export Association, The, 1185 East Market Street, Akron, Ohio
- Steel Export Association of America, The, 75 West Street, New York
- Sulphur Export Corporation, 420 Lexington Avenue, New York.
- Texas Rice Export Association, 407 Jensen Drive, Houston, Tex.
- Textile Export Association of the United States, 40 Worth Street, New York.
- Typewriter Manufacturers Export Association, 1611 Forty-fourth, Street NW., Washington, D. C.
- United States Alkali Export Association, Inc., 11 Broadway, New York.

United States Export Wallboard Association, 55 West Forty-second Street, New York.

United States Insulation Board Export Association, 55 West Forty-second Street, New York

Walnut Export Sales Co., Inc., Twelfth Street and Kaw River, Kansas City, Kans.

Walworth International Co., 60 East Forty-second Street, New York.

Washington Evaporated Apple Export Association, 709 North First Avenue, Yakima, Wash.

Wesco Lumber Association, Room 500, 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 Mr. Paul, Hotel Roosevelt, Madison Avenue, New York.

### REGULATION OF TRADE AND INDUSTRY ABROAD

Under section 6 (h) of the Federal Trade Commission Act, the Commission follows developments in trust laws and regulation of competition abroad.

War acts in England and the British colonies covered in Federal Trade Commission annual reports of previous years have been continued with administrative orders during the past year. In South America defense laws have been replaced by more stringent war legislation. Drawn together by the war effort, the United Nations have entered into various agreements for defense and the development of strategic materials. Development corporations have been created in several Latin American countries to undertake new projects in agriculture, mining, industrial plants and public utilities.





Complaints	519,493.85	46,282.29	14,159.12	579,935.26
Export trade	8,201.76			8,201.76
Preliminary inquiries	152,360.29	7,803.46	222.63	160,392.38
Trade practice conferences	81,341.26	252.98	23.56	81,617.80
Total	1,085,306.54	88,954.63	15,276.06	1,189,537.23

	Salary	Travel expense	Other	Total
General Investigations:				
Accounting methods and practices	\$995.37			\$995.37
Industrial corporation financial reports	50,064.01	\$290.01	\$486.41	50,840.43
Methods and costs of distribution	687.84			687.84
Resale price maintenance investigation (1939)	2,595.65			2,595.65
Details: Other Government agencies	215.85			215.85
Total	54,558.72	290.01	486.41	55,335.14
War work	326,370.05	63,071.56	476.75	389,918.36
Printing and binding			57,406.56	57,406.56
Summary:				
Commissioners and Secretary	149,578.41	91.15		149,669.56
Administration	306,826.65	31,338.68		338,165.33
General investigations	54,558.72	290.01	486.41	55,335.14
Legal				

	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

Year	Nature of appropriations	Appropriations and liabilities	Expenditures	Balance
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	Lumpsum	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

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.

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. <sup>2</sup>

<sup>1</sup> The salary

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, <sup>3</sup> 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

<sup>3</sup> By subsection (f), Section 1107 of the “Civil Aeronautics Act of 1938,” approved June 23, 1938, Public No.706, 75th Cong., 1st Sess., 50 Stat. 1464 (1936).

competition or unfair or deceptive act or practice in commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public,

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 there-upon 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 addlusive. T

the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper.

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appeals, and if (1) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered in accordance with the mandate of the circuit court of appeals shall become final on the expiration of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(j) If the Supreme Court orders a rehearing ; or if the case is remanded by the circuit court of appeals to the Commission for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3)

the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.

(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 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

(g) From time to time to classify corporations

commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had In relation thereto as upon the report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

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

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

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

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

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

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by



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

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

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

(2) that the

ing 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 news-paper, magazine, periodical, or other publication, published at regular intervals--

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

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

Sec. 14.7 (a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement thereof, or under such conditions as are customary or usual, or if such violation is with intent to defraud or mislead, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than six months, or by both such fine and imprisonment; except that if the conviction is for a violation committed after a first conviction of such person, partnership, or corporation, for any violation of such section, punishment shall be by a fine of not more than \$10,000 or by imprisonment for not more than one year, or by both such 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





## 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



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, <sup>2</sup>



rerated by the latter to secure capital equipment or wheter orders that had been rerated had been extended for the purpose of obtaining capital equipment in violation of priorities regulations. (See p. 13.)

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> See footnote 4, above.

**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 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., 6/9/33).

**Chain Stores (Senate).**--Practically every phase of chain-store operation was covered (S. Res. 224, 70th, 5/12/28), including cooperative chains, chain-store manufacturing and wholesale business, leaders and loss leaders, private brands, short weighing and overweighing, and sales, costs, profits, wages, special discounts and allowances, and prices and margins of chain and independent grocery and drug distributors in selected cities. (For subtitles of 33 reports published under the general title, *Chain Stores*, 1931-33, see F. T. 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.<sup>7</sup> The

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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,**



requested the Commission to investigate living costs. The Commission (11/20/37) adopted a resolution undertaking the inquiry and a few months thereafter submitted a confidential report to the President.

**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 fTw ( cooperation among State) Tj -248.ToTc 3.37 Tw c TD 0 e

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).

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

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.*

(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. (See p. 22.)

<sup>9</sup> 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.

<sup>10</sup> 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).

**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 OA

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 bu Tc1ol



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.

**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, paraformaldehyde 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. Harvester**(O. 212,0 TD 9min68 and 110524 (0), TD 24 40 10 10)



**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 machines, and other machines for cutting, trimming, bending, forging, pressing, and forming metal; and all power-driven measuring and testing machines. Each type and kind of machine was reported on separately.

**Milk.**--See Food.

**Millinery Distribution (President).**--This inquiry, requested by President Roosevelt, embraced growth and development of syndicates operating units for retail millinery distribution, the units consisting of 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 restrict competition; that inequities existed in dealer agreements and in certain manufacturers' treatment of some dealers; and that some companies' car finance plans developed serious abuses (*Motor Vehicle Industry*, H. Doc. 468, 76th, 1077 p., 6/5/39). The leading companies voluntarily adopted a number of the Commission's recommendations as company policies.

**National Wealth and Income (Senate).**--In 1922 the national wealth was estimated (inquiry pursuant to S. Res. 451, 67th, 2/28/23) at \$353,000,000,000 and the national income in 1923 at \$70,000,000,000 [*National Wealth and Income* (S. Doc. 126, 69th, 381 p., o. p., 5/25/26) and *Taxation and Tax-Exempt Income* (S. Doc. 148.- 68th, 144 p., o. p., 6/6/24)].

**Nickel, Proce (voluntarily) Tj 48.nmr81**

6/13/17), and *Book Paper Industry--Final Report* (S. Doc. 79, 65th, 125 p., o.p., 8/21/17)].

**Paper--Newsprint (Senate), Wartime, 1917-18.**--High prices of newsprint (S. Res. 177, 64th, 4/24/16) were shown to have been partly a result of certain newsprint association activities in restraint of trade. Department of Justice proceedings resulted in abolishment of the association and indictment of certain manufacturers. The Commission for several years conducted monthly reporting of production and sales statistics, and helped provide some substantial relief for smaller publishers in various parts of the country. [*Newsprint Paper Industry*, preliminary (S. Doc. 3, 65th, 12 p., o. p. 3/3/17); *Report of the F. T. C. on the Newsprint Paper Industry* (S. Doc. 49, 65th, 162 p., 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



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

<sup>12</sup> See footnote 8, p. 99.

<sup>13</sup> 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).

## INVESTIGATIONS BY THE COMMISSION

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. (See p. 11.)

**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).

<sup>14</sup> 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.

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

**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

*Response to Executive Order of May 30, 1934, With Respect to the Basing-Point System in the Steel Industry*, 125 p., 11/30/34).<sup>17</sup> The Commission recommended important code revisions.

**Steel Companies, Proposed Merger**

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

**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 and provisions of the steel industry's code.

**Stock Dividends (Senate).**--The Senate requested (S. Res. 304, 69th, 12/22/26) the names and capitalizations of corporations which had issued stock dividends, and the amounts thereof, since the Supreme Court decision (3/8/20) holding that such dividends were not taxable. The same information for an equal period prior to the decision was also requested. The Commission submitted a list of 10,245 corporations, pointing out that declaration 45.gand

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.,

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.

**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

**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

mission also conducted cost inquiries for the Interior Department, Tariff Commission, Post Office Department, Railroad Administration, and other Government departments or agencies. It is estimated that the inquiries helped to save the Country many billions of dollars by checking unjustifiable price advances.

**Wartime Inquiries, 1917-18, Continued.**--Further wartime inquiries of this period are described herein under the headings: Coal, Coal Reports--Cost of Production, Cost of Living, Flax, Food, Farm Implements, Independent Harvester Co., Leather and Shoes, Paper--Book, Paper--Newsprint, Profiteering, and Textiles--Woolen Rag Trade.

**Wartime Inquiries, 1941-45.**--To aid in the 1941-45 war

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