

ANNUAL REPORT
OF THE
FEDERAL
TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30
1945

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1945

FEDERAL TRADE COMMISSION

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

FEDERAL TRADE COMMISSIONERS-1915-45

| 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 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. |
| Huston Thompson | Colorado | Jan.17, 1919-Sept. 25, 1926. |
| Nelson B. Gaskill | New Jersey | Feb. 1, 1920-Feb. 24, 1925. |
| John Garland Pollard | Virginia | Mar. 6, 1920-Sept. 25, 1921. |
| John F. Nugent | Idaho | Jan. 15, 1921-Sept. 25, 1927 |
| Vernon W. 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, 1920-Jan. 15, 1929. |
| Edgar A. McCulloch | Arkansas | Feb.11, 1927-Feb. 23, 1933. |
| Garland S. Ferguson | North Carolina | Nov.14, 1927. |
| Charles H. March | Minnesota | Feb. 1, 1929-Aug. 28, 1945. |
| Ewin L. Davis | Tennessee | May 26, 1933. |
| Raymond B. Stevens | New Hampshire | June 26, 1933-Sept. 25, 1933. |
| James M. Landis | Massachusetts | Oct.10, 1933-June 30, 1934. |
| George C. Mathews | Wisconsin | Oct.27, 1933-June 30, 1934. |
| William A. Ayres | Kansas | Aug.23,1934. |
| Robert E. Freer | Ohio | Aug.27, 1935. |

EXECUTIVE OFFICES OF THE COMMISSION

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

BRANCH OFFICES

45 Broadway, New York 6

433 West Van Buren Street,
Chicago 7.

55 New Montgomery Street, San
Francisco 5

801 Federal Office Building,
Seattle 4.

150 Baronne Street, New Orleans 12

¹ Chairmanship rotates annually. Commissioner Ayres will become Chairman in January 1946.

II

LETTER OF SUBMITTAL

To the Congress of the United States :

I have the honor to submit herewith the Thirty-first Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1945. A limited number of copies of the report is being printed by the Federal Trade Commission.

By direction of the Commission:

EWIN L. DAVIS, *Chairman.*

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ANNUAL REPORT
OF THE
FEDERAL TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30, 1945

INTRODUCTION

DUTIES OF THE COMMISSION

The Federal Trade Commission herewith submits its report for the fiscal year July 1, 1944, to June 30, 1945.

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

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

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

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

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

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

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers * * * to file with the Commission in such form as the Commission may prescribe annual or special, or both annual and special, reports or answers in Writing to specific questions, furnishing to the Commission such information as it may require as to the organization, business, *conduct*, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. * * *

(d) Upon the direction of the President or either House of Congress¹ to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

SUMMARY OF LEGAL ACTIVITIES

The Commission during the fiscal year issued 164 formal complaints alleging violations of the laws it administers; issued 140 orders directing respondents to cease and desist from such violations; and accepted 286 stipulations to discontinue unlawful practices, 66 pertaining especially to radio and periodical advertising.

During the fiscal year the Commission had 29 cases in the United States courts. Results favorable to the Commission were obtained in 27 cases, 2 of which were in the Supreme Court, 19 in United States circuit courts of appeals, and 6 in United States district courts. The Commission's of

investigation.”

28, 1942. The commission immediately announced the lifting of its suspension of these matters and stated it would proceed with them as expeditiously as possible.

(The investigations and surveys referred to above are reported in more detail beginning on p.24.)

In connection with its regular survey of commercial advertising, the Commission analyzed for and reported to the War Production Board such advertisements as contained pertinent references to war production, price rises or trends, rationing, and other war-related subjects, or possible violations of the Board's policies with respect to advertising in wartime. (See p.25.)

During the war emergency numerous branches of the Government, especially the war agencies, have utilized the basic factual accounting, statistical, and economic data covering important national industries which were gathered by the Commission in the approximately 135 general investigations and 370 special cost studies it has conducted during its existence.³

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

Investigations conducted by the Commission have led, directly or indirectly, to the enactment of important laws, including the Export Trade Act, the Packers and Stockyards Act, the Securities Act of 1933, the Public Utilities Holding Company Act of 1935, the Natural Gas Act of 1938,

³ An alphabetical list and brief description of the investigations conducted by the Commission appear in the appendix, beginning at p.94.

⁴ September 26 marks the anniversary of the approval of the Commission in the appendix, beginning

calendar year 1945, having succeeded Commissioner Freer. Commissioner Ayres will become Chairman in January 1946. Through this method of rotating the chairmanship, each Commissioner serves as Chairman at least once during his term of office. The Chairman presides at meetings and signs the more important official papers and reports at the direction of the Commission.

In addition to the general duties of administering the statutes committed to the Commission for enforcement, each Commissioner has supervisory charge of the work of One or more of the divisions of the Commission. Chairman Davis has supervisory charge of the Trial and Appellate Division; Commissioner Ferguson, of the Trial Examiners Division and the Division of Trade Practice Conferences; Commissioner March, of the Legal Investigation Division; Commissioner Ayres, of the Medical Advisory Division and the several Administrative Divisions; 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.

Each case coming before the Commission for consideration is assigned to a Commissioner for examination and report before it is acted upon by the Commission. The Commissioners meet each work day for the transaction of business, including the bearing 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, 1945, numbered 451 officials and employees, including attorneys, economists, accountants, and administrative personnel stationed in Washington and in 5 branch offices. In addition, 130 members of the staff were on military furlough and serving in the armed forces of the Nation.

ASSIGNMENT OF WORK AMONG THE STAFF

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

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

The Chief Examiner is the principal legal investigating officer of the Commission and exercises supervisory direction over the investigation of applications for complaint filed with the Commission alleging violation of any of the laws administered by it. The

Chief

Office, at 20 cents a copy while the supply lasts.

Federal Trade Commission Decisions:

Volume 37, July 1, 1943-December 30, 1943, 874 pages, \$1.75.

Volume 38, January 1, 1944-June 30, 1944, 969 pages.

Statutes and Decisions, 1939-43, 785 pages, \$1.75. All available from Superintendent of Documents, Government Printing Office, while the supply lasts.

Trade Practice Rules for the following industries: *Hearing Aid Industry, December 30, 1944, 9 pages; Water Heater Industry, January 11, 1945, 12 pages; Razor and Razor Blade Industry, June 19, 1945; 9 pages; Tuna Industry, June 23, 1945 (revised and extended rules), 11 pages; Wood Cased Lead Pencil Industry, June 29, 1945, 9 pages; Low Pressure Refrigerants Industry, June 30, 1945, 9 pages; Button Jobbing industry, June 30, 1945, 8 pages.* Available from Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part V, Advertising As a Factor in Distribution, October 30, 1944: 50 pages. Available from Superintendent of Documents, Government Printing Office, at 20 cents a copy while the supply lasts. *Summary, 9 pages,* available from Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part VI, Milk Distribution, Prices, Spreads and Profits, June 18, 1945: 58 pages. Available from Superintendent of Documents, Government Printing Office, at 15 cents a copy while the supply lasts. *Summary, 7 pages,* available from Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part VII, Cost of Production and Distribution of Fish in the Great Lakes Area, June 30, 1945: 59 pages. Available from Superintendent of Documents, Government Printing Office, at 15 cents a copy while the supply lasts. *Summary, 22 pages,* available from Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part VIII, Cost of Production and Distribution of Fish in New England, June 30, 1945; 118 pages. Available from Superintendent of Documents, Government Printing Office, at 20 cents a copy while the supply lasts. *Summary, 35 pages,* available from Federal Trade Commission without charge while the supply lasts.

The Cigarette Shortage, February 13, 1945; 33 pages. Available from Federal Trade Commission without charge while the supply lasts.

The publications of the Commission reflect the character and scope of its work and vary in content and treatment from year to year. Important among them are those presenting fact-finding studies, reports and recommendations relating to general business and industrial inquiries. Illustrated by appropriate charts and tables, these

have been designated for reading in connection with university and college courses in business administration, economics, and law.

The 38 published volumes of *Federal Trade Commission Decisions* contain (1) the findings of fact and orders to cease and desist issued

by the Commission throughout the years; (2) the stipulations accepted by the Commission wherein respondents agree to cease and desist from unlawful practices; and (3) the decisions of the courts in Commission cases for the different periods covered by the different volumes. They constitute a permanent and authoritative record of the remedial measures taken by the Commission to stop violations of the laws it administers. The decisions establish for industry, business, and the individual the guideposts of fair competitive dealing. They also tell, case by case, the story of the multiplicity of unlawful practices which have been found to be detrimental to the public interest and of the accomplishments of the Commission in the prevention of such practices.

Decisions of the Federal courts reviewing Commission cases also from time to time are published in separate volumes and may be purchased from the Superintendent of Documents, Government Printing Office. Trade practice rules and regulations under the Wool Products Labeling Act, and the Rules of Practice before the Commission are published in pamphlet form. These may be obtained from the Commission without charge.

RECOMMENDATION TO CONGRESS

A few months before the United States entered the war there was concluded the most recent and authoritative as well as the most extensive and intensive survey of our economic system ever undertaken. The Temporary National Economic Committee created by joint resolution of Congress for the purpose of that survey filed its final report in March 1941, after nearly 3 years of study and public hearings with sworn testimony. In submitting its final report the Committee recognized that public attention had been "diverted momentarily from the study of the problems of economic concentration" for which the Committee had been created, but pointed out that war conditions "served only to emphasize the need for readjustments after the present crisis is over." The Committee declared its faith in the competitive system of private enterprise as a solution for the problems of postwar depression and unemployment and made a number of specific recommendations for legislation designed to preserve and improve that system. It declared such system could be preserved only through a vigorous effort to decentralize industry and to implement and enforce the antitrust laws.

Although the representatives of the Federal Trade Commission on the Temporary National Economic Committee concurred in the various recommendations made by the latter body, the Commission, in deference to the absorption of Congress and the public with the war, has reiterated but one of the Committee's recommendations. That was a recommendation which the Commission had been making since 1930 with regard to an amendment of section 7 of the Clayton Act and designed to stay more effectively the increasing consolidations of competing corporations. More specifically, the Commission recommended the prohibition of the acquisition of stock by one corporation of another corporation which would result in the control of the stock of the latter corporation by the former corporation.

Commission also concurred with the recommendation of the Tem-

porary National Economic Committee for prior governmental approval of acquisitions by corporations with German over a certain size.

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

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

PART I. GENERAL INVESTIGATIONS

METHODS AND COSTS OF DISTRIBUTION

COMMISSION REPORTS TO CONGRESS ON ITS STUDIES DEALING WITH ADVERTISING, MILK AND MILK PRODUCTS, AND FISH

Within the past few years there has been widespread interest on the part with the general public, the Congress and among manufacturers with respect to the cost of distribution. The Commission's series of reports on Methods and Costs of Distribution, four of which were published during the fiscal year, have been in great demand and have been reprinted in various trade publications. There is wide recognition of the fact that the maximum postwar employment can only be attained by elimination of many uneconomic practices tending to higher

somewhat controversial subject of the type of advertising and sales promotion known as cooperative advertising, in which individual manufacturers make

MILK DISTRIBUTION, PRICES, SPREADS, PROFITS 11

special allowances for advertising and sales promotion with some but with all of their customers. In some instances, allowances are not given to immediate customers, but are made to subsequent owners farther down in the distribution chain.

In 1940, the advertising expenditures of 2,716 manufacturers with aggregate sales of about \$30,000,000,000 in 91 different lines of production varied widely from 0.06 cent per dollar of sales

MILK DISTRIBUTION, PRICES, SPREADS, PROFITS 13

Rates of return on investment

| Business rate | Number of companies | Average of return <i>Percent</i> |
|-------------------------------|------------------------|--|
| Evaporated and condensed milk | 18 | 20.1 |
| Ice cream | 27 | 16.7 |
| Butter | 13 | 10.4 |
| Cheese | 4 | 13.1 |
| Fluid milk distributors | 82 | 5.4 |

The 62 processors of milk averaged 14.7 percent On their investment, compared with 5.4 percent for the 82 distributors of fluid milk.

Further evidence of the superior earning capacity of milk products manufacturers, in 1940, is to be noted in the fact that only 2 of the 62 milk products manufacturers reported losses as compared with 21 of the 82, or roughly 1 in 4, of the milk distributors. The highest rate of profit for the year among the 62 products manufacturers was 146 percent as compared with 26.9 percent for 1 company among the 82 milk distributors.

The normal relationship between prices paid to producers for milk for retail fluid and manufacturing uses in any milkshed is that the farmer receives a higher price for milk sold at retail as fluid milk than for milk purchased for certain manufacturing uses. The average price received by the farmer, therefore, varies with the proportions of his milk that are sold for different uses.

The spread between the price paid to the farmer, the farmer's cooperative, or a wholesale milk dealer who had bought the milk from the farmer, varied widely in different sections of the country and for different milk distributors. Data were obtained, for 1940, from distributors operating in 34 cities located in 18 States and the District of Columbia. Most distributors sold both at retail and wholesale and the results are for the total business; consequently, they are somewhat less than the total spread from farmer to fluid milk consumer.

Summary Of spreads between the average cost of milk, per quart, to milk distributors and their average sale price for 44 companies, by states, in 1940

| State or district spread ents) | Average cost (cents) | Average spread (cents) | Average State or district (cents) | Average cost (c |
|--|--------------------------------|----------------------------------|---|---------------------------|
| Alabama | 6.81 | | | |

7.00

The average proceeds, average cost and average profit per pound, for a number of boats engaged in each of the three types of fishing, for 1941, 1942, and 1943, were:

Average proceeds, cost, and profit (Great Lakes area)

| Year | Proceeds per pound | | | Cost per pound | | | Profit | | |
|------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|---------------------------|
| | Gill net <i>Cents</i> | Trap net <i>Cents</i> | Pound net <i>Cents</i> | Gill net <i>Cents</i> | Trap net <i>Cents</i> | Pound net <i>Cents</i> | Gill net <i>Cents</i> | Trap net <i>Cents</i> | Pound net <i>Cents</i> |
| 1941 | 16.53 | 7.30 | | 13.60 | 6.00 | | 2.93 | 1.30 | |
| 1942 | 18.94 | 7.51 | 7.44 | 12.56 | 6.17 | 7.00 | 6.38 | 1.34 | 0.38 |
| 1943 | 23.00 | 10.98 | 13.74 | 15.38 | 7.45 | 7.47 | 7.62 | 3.53 | 6.27 |

The costs, proceeds, and profit per pound were all much higher for gill-net operators than for either trap-net or pound-net operators. The gill-net fisheries are compensated for their higher costs by higher proceeds for the choicer varieties of fish caught in the deeper water.

Wages and cost and maintenance of nets constituted the major items of cost of production for each method of fishing in each of the years 1941-43. These average costs, in cents per pound, were:

*Average costs, in cents per pound, of wages and maintenance of nets, 1941-43
(Great Lakes area)*

| Type of fishing | Wages | | | Maintenance | | | |
|-----------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| | 1941 <i>Cents</i> | 1942 <i>Cents</i> | 1943 <i>Cents</i> | 1941 <i>Cents</i> | 1942 <i>Cents</i> | 1943 <i>Cents</i> | |
| Gill net | 6.74 | 7.54 | 10.47 | 4.09 | 2.32 | 2.32 | |
| Trap net | 3.19 | 3.27 | 4.15 | 1.01 | 1.09 | 1.23 | |
| Pound net | | 4.55 | 4.90 | | 1.53 | 1.34 | |
| | | Percent of proceeds | | | | | |
| Gill net | 40.77 | 39.81 | 45.52 | 24.74 | 12.25 | 10.09 | |
| Trap net | 43.70 | 43.54 | 37.80 | 13.84 | 14.51 | 11.20 | |
| Pound net | | 61.16 | 35.66 | | 20.56 | 9.75 | |

The increase in labor costs is accounted for by the higher daily wage now paid to fishermen who work for wages and by the increase in volume and value of the catch to those who work on shares. For example, in one case, the daily wages paid to gill-net fishermen in 1943 and 1944 was from \$9 to \$10 a day as compared with \$5 to \$6 a day during 1940 and 1941. The earnings of the crew of another boat who were paid on the basis of the share in the catch increased from an average of \$1,342 per man in 1941, to \$2,246 in 1943.

Information concerning the cost of distribution was obtained from a representative number of wholesalers and retailers of fresh fish and seafoods in the Great Lakes and inland areas of the United States. The wholesalers include concerns that are located on the various lake fronts and purchase fish directly from the fishermen and sell to other wholesalers located in inland cities who in turn sell to retailers, hotels, restaurants, and other food purveyors in their respective localities. These two types of wholesalers are termed primary wholesalers and secondary wholesalers. The primary wholesaler also performs the function of the secondary group to some extent, and both groups sell some fish at retail.

The facts with respect to the cost of distribution of fish by primary and secondary wholesalers and through chain store retailers in 1941, 1942, and 1943 are summarized in the following table:

Cost of fish distribution by primary and secondary wholesalers and through chain store retailers, 1941-43

| Item | PRIMARY WHOLESALERS | | | Increase, 1943 over 1941 (percent) |
|-------------------------|---------------------|------------|------------|--|
| | 1941 | 1942 | 1943 | |
| Quantity sold in pounds | 12,205,823 | 12,996,834 | 13,089,301 | 7.2 |
| Net sales | \$1,129,197 | | | |

receives a specified number, while the remaining shares are divided, one to each member of the crew, with specified premiums or extras for the captain and certain other crew members.

The distribution function for fresh fish begins with the landing at the shore line. Wholesalers buy from the boats and may perform some

or all of the

would result in ceiling prices for the small dealer materially higher than those of the chain store. If, for any reason, the chain store saw fit to price below its ceiling, the

handicap of the independent retailer would be correspondingly increased.

In addition, the tendency for certain kinds of fish and seafood to disappear at the shoreline and reappear through devious channels at black-market prices produced a situation under which a considerable number, particularly of smaller retailers, in reporting retail prices to the Massachusetts Department of Agriculture, Division of Markets, in May 1944 stated that they were unable to buy fish of certain kinds and styles at wholesale prices except at a loss.

The study of the New England area covered the average cost of producing fish of all varieties caught by several different methods of fishing, and the average cost per bushel of herring caught with stop nets. The average pounds caught per boat, the average cost of production per pound subdivided as between the remuneration of captain and crew, and all other operating expenses, and the average selling price and profit per pound for fish caught with the different types of gear, are shown in the following tabulation:

Average cost of production, selling price, and profit per pound for fish caught with different types of gear, 1941-43 (New England area)

MEDIUM OTTER TRAWLERS

| Year | Average pounds caught per boat <i>Pounds</i> | Captain and crew share <i>Cents</i> | Other op- erating costs <i>Cents</i> | Average per pound | | | Average profit per boat |
|------|--|--|---|-----------------------------------|----------------------------|---|-------------------------------|
| | | | | Total cost <i>Cents</i> | Profit <i>Cents</i> | Average selling price <i>Cents</i> | |
| 1941 | 2,023,035 | 1.084 | 1.066 | 2.150 | 0.093 | 2.243 | |

| | | | | | | | |
|------|-------|-------|-------|-------|--------|-------|-----|
| 1943 | 5,811 | 60.67 | 31.86 | 92.53 | 2 1.53 | 91.00 | 289 |
|------|-------|-------|-------|-------|--------|-------|-----|

1 All data in bushels and cents per bushel.

2 Loss

It will be noted that the average selling prices, or proceeds, more than doubled from 1941 to 1943 for all types of fishing and gear except herring. Costs per pound likewise increased sharply, but not in the same proportion for different types of boats and fishing gear, and profits per pound likewise increased sharply for all types of gear, except for herring, sharply,

| | | | |
|--------------|--------------------------------|-------|-------|
| Cost of fish | [In cents per dollar of sales] | | |
| | 61.46 | 64.63 | 67.32 |

| | | |
|-----------------------------------|--------|--------|
| Telephone and telegraph | .41 | .67 |
| Advertising | .36 | .50 |
| Repairs and maintenance | .47 | .45 |
| Miscellaneous | 1.33 | 2.02 |
| Total cost | 35.72 | 43.74 |
| Wholesalers and retailers profits | 6.89 | 10.70 |
| | 42.61 | 54.44 |
| Cost to the consumer. | 100.00 | 100.00 |

The showing is that the inland consumer's retail dollar purchased distinctly less fish than the dollar spent by the consumer near the New England coast fishing areas. This was due both to the interposition of an additional wholesaler and to additional transportation handling and other costs involved in distributing fresh fish to more distant markets.

INVESTIGATION OF CIGARETTE SHORTAGE

COMMISSION FINDS SCARCITY NOT DUE TO LAW VIOLATIONS BUT

PRIORITIES INVESTIGATIONS

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

In January 1942, the War Production Board, pursuant to Executive orders, designated the Federal Trade Commission as an agency to conduct investigation of certain basic industries to ascertain the facts concerning their compliance with the Board's orders relative to the allocation of the supply and the priorities of delivery of materials.

In furtherance of the Government's program to divert from civilian uses certain materials essential to the successful prosecution of the war, the Commission, at the request of W. P. B., has made investigations to determine whether thousands of companies in 24 industries producing critical materials were complying with the rules and regulations governing priorities. The Commission conducted these investigations through its Legal Investigation Division.

Surveys undertaken for the Board (and its predecessor, the Office of Production Management) during and prior to the fiscal year ended June 30, 1945, are summarized in the following table:

Priority compliance surveys conducted for War Production Board

| Industry surveyed | Number of companies surveyed |
|---|------------------------------------|
| Steel industry | 31 |
| Copper, primary fabricators of | 94 |
| Copper base alloy ingot makers | 76 |
| Chromium and nickel, processors of | 717 |
| Jewel bearings, consumers of | 172 |
| Metal-working machines, invoicing and distribution of | 406 |
| silverware, manufacturers of | 19 |
| Aluminum, foundries using | 940 |
| Contractors, prime, forward buying practices of | 38 |
| Tin | 381 |
| Quinine, manufacturers and wholesalers of | 38 |
| Glycerin, users of | 244 |
| Capital equipment | 42 |
| Electric lamps, manufacturers of | 166 |
| Fuse manufacturers | 19 |
| silverware manufacturers and silver suppliers | 26 |
| Commercial cooking and food and plate warming equipment, manufacturers of | 71 |
| Furnaces, hot air, household | 53 |
| Costume jewelry, manufacturers of | 45 |
| Antifreeze solutions, manufacturers of | 7 |
| Textile mills, cotton | 60 |
| Paint, varnish, and lacquer manufacturers | 86 |
| Fruit growers and shippers | 19 |
| Insignia, manufacturers of | 32 |
| Total number of companies surveyed | 14,302 |

¹ total does not include subsidiary companies. If subsidiaries were included the number of companies actually surveyed would be larger than that shown in the table.

Reports made to War Production Board.--Reports on each of the investigations were made by the Commission directly to the War Production Board. The 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 willful violations were disclosed, the cases concerned were prepared for possible criminal prosecution. The War Production Board has advised that the Commission, in conducting investigations relating to war activities, had

rendered highly beneficial service to the Board in its effort to achieve maximum production of war materials.

WARTIME ACTIVITIES

War-related advertising analyzed and reported.--The Commission during the fiscal year surveyed, analyzed, summarized, and periodically reported to the War Production Board at its request such advertising as

trade restraints which stifle small businesses and suppress competition to the detriment of the public.

Wool Act an aid to war program.--Effective support of the war program was afforded by the Wool Products Labeling Act which is administered by the Commission. The act requires that products containing or purporting to contain wool shall be labeled to reveal their true content, thus protecting the consumer as well as producers, manufacturers, and distributors from the unrevealed presence of substitutes and mixtures and preventing the evils of misbranding. Wool being a critical war material and essential to the health and well-being of the entire population, it is a matter of far-reaching importance that not only shall clothing and other necessary products containing wool be equitably distributed to meet essential needs, but also that manufacturers, distributors, dealers, and the buying public shall be protected from the fraud, deception, and unfair competition flowing from misbranding, concealment, o Tj 150 Feb 5 1945

PART II. GENERAL LEGAL WORK

DESCRIPTION OF PROCEDURE

A case before the Federal Trade Commission may originate in any one of several Ways: Through complaint by a consumer or a competitor; from Federal, State, or municipal sources; or upon observation by the Commission. The Commission itself may initiate an investigation to determine whether the laws administered by it are being violated.¹ No formality is required in making application for complaint. A letter setting g forth the facts in detail is sufficient, but it should be accompanied b y all evidence in possession of the complaining party in support of the charges made.

INFORMAL PROCEDURE

Upon receipt of an application for complaint, the Commission through its Legal

complaint is dismissed, an appropriate order is entered.

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

Under the Federal Trade Commission Act and the Wool Products Labeling Act, an order to cease and desist becomes final 60 days after date of service upon the respondent, unless within that period the respondent petitions an appropriate United States circuit court of appeals to review the order. In case of review, the order of the Commission becomes final after affirmance by the circuit court of appeals or by the Supreme Court of the United States, if taken to that Court on certiorari. Violation of an order to cease and desist after it shall have become final and while it is in effect subjects the offender to a civil penalty of not more than \$5,000 for each violation, Court of. TD -0.2

the a

Commission or set aside by the court on review.

Further, the dissemination of

2 Statistics reported on pp.73 to 75, and pp.30 to 34, concerning the legal investigation work are division records and not the consolidated record

1914 was the establishment of an agency to detect and eliminate illegal trade restraints in their incipiency before they had developed into monopolies. At the beginning of the fiscal year, 31 cases of this were either awaiting investigation or being investigated. During year, 66 new cases were instituted, making a total of 97 restraint-of-trade matters on the calendar. In the same period, 41 investigations of this type were completed for consideration and disposition by the Commission, leaving 56 pending on the active investigational calendar as of June 30, 1945.

Price fixing continues to be the most frequently recurring charge among the restraint-of-trade cases, although practically the whole category of trade restraints will be found among the charges in the cases pending before the Commission during the fiscal year. These include such practices as conspiracy to boycott, or threats of boycott; interference with sources of supply; collusive bidding; coercive practices; commercial bribery; threats of infringement suits not made in good faith; full line forcing and tying contracts; various forms of delivered-price and zoning systems; and the misuse of patents for monopolistic purposes.

The following general classifications of commodities involved are listed to convey an idea of the widespread nature of restraint-of-trade investigations: Automotive equipment; beverages; building materials and supplies; chemicals; cosmetics; dental supplies and equipment; dresses; dry ice; films; fire extinguishers; fruit and vegetables; furniture; furs; groceries; jewelry; milk; paper and paper products; plumbing and heating equipment; publications; rubber products; school supplies; sea food; straw; textiles; tobacco; trimmings and novelties; twine, cord and yarn; and veterinarian medicines.

In addition to the original investigations undertaken during the year, 20 matters were completed which involved formal docketed cases. These consisted of a variety of matters, many requiring complete investigation to determine whether the terms of Commission cease and desist orders were being observed. In the event violations occurred, evidence was procured in appropriate form to support an action for civil penalties. Investigations of this nature are as extensive as those made in the original development of a case, and in some instances, more difficult. At the close of the fiscal year, 5 cases of this nature were pending on the investigational calendar.

Of the 97 restraint-of-trade investigations in progress during the fiscal year, 3 resulted from applications for complaint filed by Federal, State, or municipal agencies; 3 were submitted by trade associations; and 22 were initiated by the Commission on its own motion. The majority, however, continued to originate as a result of complaints made by individuals and concerns whose business was being jeopardized by alleged unfair and illegal practices. The group last mentioned was responsible for 69 of these applications.

Clayton Act, section 2, as amended by Robinson-Patman Act.--The Robinson-Patman Act, approved June 19, 1936, amended section 2 of the Clayton Act and restated in more inclusive form the basic principle of prohibiting price discriminations which injuriously affect competition. It also prohibits per se certain classes of discrimination which may involve price only indirectly, without regard to

their competitive effects in specific cases, thus supplementing and strengthening the previous legislation.

close of the year. One complaint was issued and five

³ See recommendation to Congress, pp. 8 and 9.

4 Additional statements and statistics covering the work of the Commission relating to radio and periodical advertising cases involving food, drugs, devices, and cosmetics are given on pp.72 to 75.

(Complaints referred to are identified by accompanying docket numbers)

The Commission issued two complaints in which the respective respondents were charged with combining and conspiring to restrain

II. COMPLAINTS UNDER WOOL PRODUCTS LABELING ACT

Thirteen complaints alleged that wool products were misbranded in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in that they did not have labels attached disclosing the kinds and percentages of the different fibers of which the fabrics were made, including the respective percentages of wool, reprocessed wool, or reused wool, together with the identity of the manufacturer or distributor or reseller of the products. (For details concerning administration alleged

for advertising

trade-mark. Such payments allegedly were not made available on proportionally equal terms or on any terms to other garment manufacturers or their retailer customers competing with the respondent's "prestige" customers. The complaint also alleged that the respondent discriminated in favor of certain purchasers by entering into cooperative advertising arrangements with them and by not according such services to all other customers on proportionally equal terms.

mill-work and lumber building materials, metal fencing, and machinery. The Commission found that the general contractor, Charles F. Rohleder, and the respondent sellers cooperated in the preparation of fictitious and noncompetitive bids and price quotations and submitted them to the Cramp company and the Navy Department for consideration and approval as genuinely competitive bids and price quotations.

Six of the orders were issued, respectively, against J. R. Duffy Manufacturing Co., Philadelphia, and others (4801); American Steel

& Wire Co. of New Jersey, Cleveland, and others (4802); Delta Equipment Co., Philadelphia, (4803); Grater-Bodey Co., Norristown, Pa., and others (4804); The O'Brien Machinery Co., Philadelphia (4805); and Charles F. Rohleder, Philadelphia, and others (4806). Under identical orders, the respondents in each of the six groups were directed to cease and desist from entering into or continuing any conspiracy or planned common course of action to submit collusive or fictitious noncompetitive bids; to interfere with the procurement or consideration of competitive bids by the prospective purchaser; to present a false appearance of competition among bidders; or to file a bid by one person when the prices and terms therein are determined by another or when the bid is not bona fide.

In the other three proceedings orders were entered against Westinghouse Electric Supply Co., New York (4798); Grater-Bodey Co., Norristown, Pa., and others (4799); and J. P. Rainey & Co., Philadelphia (4800). These orders were similar in character to the six set out above and in general required the respondents to cease and desist from continuing or engaging in the procuring, preparation, or submission of fraudulent bids or price quotations to any Federal agency or other buyers.

Rudolf Lesch Fine Arts, Inc., New York, and others .--Six corporations engaged in the sale of art pictures and allied products were ordered to cease and desist from entering into or continuing any conspiracy or planned common course of action to fix uniform discounts for their products or discounts based upon classifications of customers; to circulate lists showing such classifications; or to hold meetings to fix uniform discounts or to make such classifications (4693).

Eastman Kodak Co., Rochester, N. Y.--This company was ordered to cease and desist from entering into any contract or understanding with its dealer-customers which requires such dealer-customers to resell its magazine and Kodachrome film at not less than the minimum prices fixed by the company--such film not being in free and open competition with commodities of the same general class (4322).

Graphic Arts Club of Charlotte, Inc., Charlotte, N. C., and others .--The respondent club and its directors, officers and 13 member commercial printers were ordered to cease and desist from conspiring to fix uniform prices, discounts, or terms of sale for their products; to quote prices or make bids predicated upon schedules in the Franklin Printing Catalog or other similar publication; to file with the club or any other agency proposed

standard uniform sizes, colors, and quality of materials for the purpose of restraining competition; using delivered price zones and fixing uniform price differentials between zones; and fixing resale prices and refusing to allow usual jobber discounts to those jobbers who do not soil at the manufacturers' prices and terms (4675).

Utah Wholesale Grocery, Salt Lake City, and others.--Four wholesale grocers in Utah were ordered to cease and desist from conspiring to boycott manufacturers and jobbers who sold to their competitors; by coercion, to cause them to divert to others shipments in transit to such competitors; and to reduce prices on merchandise handled by both the respondents and their competitors so as to cause the competitors to sustain a loss (4643).

National Retail Tea & Coffee Merchants Association, Inc., Chicago, and others -- This association and its 170 members known as "home service merchants" were prohibited from conspiring to induce or coerce manufacturers to discontinue selling to competitors of the respondents; to communicate among themselves for such purpose; to use any scheme to prevent a competitor from freely purchasing merchandise usually handled by him, or to prevent anyone from entering into business in

called weight-reducing product which the Commission found was nothing more than caramel candy enriched with certain vitamins and minerals, the respondents were ordered to cease disseminating any advertisement which represents that excess weight may be removed through use of the product in conjunction with the

respondents' weight-reducing plan without the necessity of restricting the diet. The order also prohibits the disseminating of any advertisement which represents that the respondents' product and plan aid in the remove excess weight unless the advertisement discloses clearly that the plan includes adherence to a restricted diet and that such adherence is essential to weight reduction (4898).

Giljan Medicine Co., Inc., and The Key Advertising Co., both of Cincinnati.--Giljan Medicine Co. manufactures and markets a laxative preparation under the names "Giljan" and "Giljan Laxative Compound," and the advertising company prepares and disseminates advertising for the preparation, which was represented as a "new, scientific formula of juices made from 18 of nature's finest health-giving herbs." The Commission found that, with 4 exceptions, none of the 18 ingredients was present in sufficient quantity to have any therapeutic value. The respondents were ordered to cease and desist from disseminating advertisements representing that the formula for the preparation is new or scientific, that it is a remedy or cure for some 20 diseases and symptoms named by the respondents in their advertising, or that it has any therapeutic value beyond that of a laxative. The Order further directed the respondents to discontinue disseminating any advertisement which fails to reveal that the preparation should not be used in the presence of symptoms of appendicitis; provided, however, that such advertisement need only contain the statement: "CAUTION: Use only as directed," if the directions for use on the label or in the labeling contain a warning to the same effect (5216).

Royal Lee, trading as Vitamin Products Co., Milwaukee.--The order directed the respondent to discontinue representing that his vitamin preparations designated Catalyn, Vitamin A Complex, Vitamin B Complex, Vitamin C Complex, and Vitamin D Complex constitute competent nutritional or corrective treatment for the prevention or cure of numerous on

name “Mayo Bros.” if the respondents unequivocally disclose in their advertising that they are not connected with the Mayo clinic. The respondents also were directed to

representing truthfully that the service on

misbranding (5047).

Halfhill Co., Los Angeles, canned sea food (5267).

The respondents in four of these cases (5131, 5197, 5137, and 5267) also were ordered to discontinue making such unlawful payments to any agent or intermediary acting for or subject to the direct or indirect control of the purchaser to whom the sale is made.

Food dealers accepting unlawful brokerage from sellers -In eight orders the following respondents, in connection with their interstate

purchases of merchandise, were directed to cease and desist from accepting from any seller anything of value as a commission, brokerage or other compensation, or any allowance or discount in lieu thereof, upon purchases made for their respective accounts:

Austelle-Flintom Co., Orangeburg, S.C., canned fruits and vegetables (5130); Southgate Brokerage Co., Inc., Norfolk, Va., food products (4821); Fraering Brokerage Co., Inc., New Orleans, canned food and fish (4823); Glover & Wilson, Little Rock, Ark., canned fruits and vegetables (4835); W. M. Meador & Co., Inc., Mobile, Ala., food products (4928); H. D. Childers Co., Mobile, Ala., food products (4938); Hutchings Brokerage Co., Mobile, Ala., food products (5059); and Br0 Tc () Tj aMcKiand9oD 0

Elizabeth Arden,

acquisition, and certain kinds of competitive interlocking directorates.

1. The use of false or misleading advertising concerning, and the misbranding of, commodities, respecting the materials or ingredients of which they are composed, their quality, purity, origin, source attributes, or properties, or nature of manufacture, and selling them

wider such name and circumstances as to deceive the public. An important part of these include misrepresentation of the therapeutic and corrective properties of medicinal preparations and devices, and cosmetics and the false representation, expressly or by failure to disclose their potential harmfulness, that such preparations may be safely used.

2. Describing various symptoms and falsely representing that they indicate the presence of diseases and abnormal conditions which the product advertised will cure or alleviate.

3. Representing products to have been made in the United States when the mechanism or movements, in whole or in important parts, are of foreign origin.

4. Bribing buyers or other employees of customers and prospective customers, without the employer's knowledge or consent, to obtain or hold patronage, the business or trade secrets of competitors or their

such as pretended puzzle-prize contests purportedly offering opportunities to win handsome prizes, but which are in fact mere “come-on” schemes and devices in which the seller’s true identity and interest are initially concealed.

15. Selling or distributing punchboards and other lottery devices which are to be or may be used in the sale of merchandise by lot or

chance; using merchandising schemes based on lot or chance, or on a pretended contest of skill.

16.

purchasing public with standard weights or quantities

of the product therein contained, or using standard containers only partially filled to capacity, so as to make it appear to the purchaser that he is receiving the standard weight or quantity.

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

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

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

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

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

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

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

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

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

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

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

(c) Concealing from prospective purchaser unusual features involved in purchaser's commitment, the result of which will be to require of purchaser further expenditure in order to obtain benefit of commitment and expenditure already made, such as failure to reveal peculiar or nonstandard shape of portrait or photographic enlargement, so as to make securing of frame there for from sources other than seller difficult and impracticable, if not impossible.

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

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

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

purchasing

CASES IN FEDERAL COURTS**COMMISSION ACTIONS IN THE UNITED STATES SUPREME, CIRCUIT, AND
DISTRICT COURTS**

lawful use prior to January 5, 1905. The court said “the Commission may not absolutely forbid the use of the words and symbol to pre-1905 lawful users, but may require them

to state, so plainly as to avoid the creation of misleading inferences by such use, that the goods are not sponsored, approved, or in any manner connected with the American National Red Cross" (149 F. 2d 424.) The Commission will apply to the Supreme Court for a writ of certiorari to review this decision. (Petition for certiorari granted October 8, 1945.)

Associated Laboratories, Minneapolis-The Eighth Circuit (St. Louis) denied rehearing of its decision unanimously upholding a Commission order proscribing unwarranted claims for the therapeutic value of an apparatus used in colonic irrigation known as the "Gordon Detoxifier" (143 F. 2d 316).

Atlantic Packing Co., Philadelphia.--A Commission order directed against misuse of the word "Packing" petitioner's trade name was affirmed without dissent by the Third Circuit (Philadelphia) (150 F. 2d 757).

The Cement Institute, Chicago, and others.--The Seventh Circuit (Chicago) rejected the contention of the petitioner *Marquette Cement Manufacturing Co.*, Chicago, that the Commission was disqualified from trying and deciding the issues involved in this (The Cement Institute) case (147 F. 2d 589). The proceeding involves a Nationwide combination to restrain competition in the price of Portland cement through the agreed use of a multiple basing-point delivered-price system.

Charles of the Ritz Distributors Corp., New York.--Unanimous affirmation of a Commission order prohibiting unwarranted claims for benefits to be derived from use of certain cosmetics was given by the Second Circuit (New York) (143 F. 2d 676).

Corn Products Refining Co. and Corn Products Sales Co., New York.--With one judge dissenting in part only, the Seventh Circuit (Chicago) slightly modified and in all other respects affirmed and enforced a Commission order directing the cessation of price discriminations and restrictive-dealing contracts in connection with the sale of glucose, in violation of sections 2 and 3 of the Clayton Act (144 F. 2d 211). A petition for rehearing was denied. "Because the questions involved are of importance in the administration of the Clayton Act in view of the widespread use of basing-point price systems," the Supreme Court granted certiorari (323 U. S. 706). After hearing, it concluded that the violations of sections 2 (a) and (e) of the Clayton Act, found by the Commission and sustained by the court below, fell within the prohibitions of that statute and that the Commission's conclusions were "amply supported by its findings and the evidence." The judgment of the Seventh Circuit was unanimously affirmed (324 U.S. 726).

Dearborn Supply Co., Chicago.--A Commission order condemning thei72 Tc (w (e7 Tc (6 0.0218

mission order denying their motion to dismiss a Commission complaint. The Supreme Court denied their petition

petition for review, the Sixth Circuit (Cincinnati) dismissed the case. The Commission's order proscribed misrepresentations suggesting connection with the United States Government by the petitioners in their business of selling and distributing mailing cards designed for use in obtaining information concerning debtors.

Modern Marketing Service, Inc., Chicago, and others--The Seventh Circuit (Chicago) unanimously affirmed a Commission order directing the cessation of price discriminations in violation of section 2 (c) of the Clayton Act (149 F. 2d 970).

Samuel H. Moss, Inc., New York.--Unqualified

in the delivered

petition for review of the Commission's order, which was directed against the use of "Pittsburgh plus" prices for rolled-steel products in violation of the Clayton and Federal Trade Commission Acts.

Zenith Radio Corp., Chicago.--The Seventh Circuit (Chicago) denied petitioner's motion that an order be entered approving its report on compliance with the court's decree affirming and enforcing a Commission order forbidding advertisements exaggerating the range of receptivity of radio receiving sets. The report had been rejected by the Commission.

CIVIL PENALTIES UNDER FEDERAL TRADE COMMISSION ACT

Six 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 \$10,182.72 were entered, as follows:

Rogers Redemption Bureau, and others, Minneapolis--District Court for the District of Minnesota; judgment for \$400.

Lanteen Laboratories, Inc., and others, Chicago.--District Court for the Northern District of Illinois; judgment for \$2,526.22.

Kongo Chemical Co., New York.--District Court for the Southern District of New York; judgment for \$200.

Irving Roy Jacobson, Madison, Wis.--District Court for the Western District of Wisconsin; judgment for \$1,000.

G. Leach & Co., Reading, Pa.--District Court for the Eastern District of Pennsylvania; judgment for \$1,033.40.

Rango

use of a multiple basing-point delivered-price system.

Dearborn Supply Co., Chicago.--Seventh Circuit (Chicago), failure to reveal the harmful consequences that may result from indiscriminate

use of "Mercolized Wax," a cosmetic preparation containing ammoniated mercury. The case is pending before the Commission after taking of additional testimony as result of court's decision. (See p. 53)

Eastman Kodak Co., Rochester, N. Y.--Second Circuit (New York), suppression of competition by petitioner's resale-price-maintenance policy.

Eli Eghan, trading as Ox'o-Gas Co., New York.--Second Circuit (New York) misrepresentation of solution designated "Ox'o", advertised and sold as capable of increasing the efficiency of automobile engines or mileage.

Elizabeth Arden, Inc. , Elizabeth Arden Sales Corp., and Florence N. Lewis, New York.--Second Circuit (New York), violation of section 2 (e) of the Clayton Act by discrimination in the furnishing of demonstrator services to retailers.

Lemuel Firth , and others, Gloucester, Mass --First Circuit (Boston), restraint of competition in catching and selling fish.

General Seafoods Corp., Boston, and others.--First Circuit (Boston), advertising and selling rosefish as "Ocean Perch Fillets."

Hastings Manufacturing Co., Hastings, Mich.--Sixth Circuit (Cincinnati), various unfair practices resulting in suppression of competition in sale of automobile piston rings.

Jack Herzog & Co., New York.--Second Circuit (New York), on application by the Commission for enforcement of order banning price discrimination in violation of section 2 (c) of the Clayton Act in connection with sale of furs.

Lottery device cases.--One case involving the use of lottery methods concerns *Charles Deer and Jack Deer, trading as Savoy Manufacturing Co.*, engaged in the sale of miscellaneous merchandise, pending in the Second Circuit (New York). The case of *Nelson C. Brewer, trading as Chas. A. Brewer & Sons, and Everett B. Brewer; Chicago*, the world's largest manufacturers of punchboards and push cards, now pending in the Sixth Circuit (Cincinnati), involves the sale of punch-boards and other lottery devices for use by others in the sale of miscellaneous merchandise.

Manhattan Brewing Co., Chicago.--Seventh Circuit (Chicago), mis-leading use of the word "Canadian" in brand or trade name for beer or ale not brewed in Canada.

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

Morton Salt Co., Chicago.--Seventh Circuit (Chicago), price discrimination in violation of section 2 (a) of the Clayton Act.

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

Parker Pen Co., Janesville, Wis.--Seventh Circuit (Chicago), misrepresentation of fountain pens through use of statements such as "Guaranteed for Life" and "Life Guaranteed."

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

Rigid Steel Conduit Association, New York, and others.--Seventh Circuit (Chicago), price-fixing combination.

Scotch Woolen Mills, Chicago.--Seventh Circuit (Chicago), misleading use of the

words “Scotch” and “Mills” in trade name.

Southgate Brokerage Co., Norfolk.--Fourth Circuit (Richmond), price discrimination in violation of section 2 (c) of the Clayton Act.

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

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

United States Steel Corp., American Bridge Co., Carnegie-Illinois Steel Corp., 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.

Vacu-Matic Carburetor Co., Wauwatosa, Wis.--Seventh Circuit (Chicago), misrepresentations concerning benefits to be derived from use of mechanical device for attachment to automobile engines.

David M. Weiss, New York.--Second Circuit (New York), on application by the Commission for enforcement of order directed against price discrimination in violation

| | | | |
|-----------------------|-------|------------------------------------|--------|
| Total for disposition | 1,514 | Closed without further proceedings | 1 |
| 3,748 | | | |
| Pending end of year | 870 | Total disposition | 19,186 |
| | | Pending June 30, 1945 | 80 |

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

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TABLE 2.--*Complaints*

| FISCAL YEAR ENDED JUNE 30, 1945 | | CUMULATIVE SUMMARY, MAR. 16, 1915, | |
|---|-----|---|-----|
| | | TO JUNE 30, 1945 | |
| Pending beginning of year | 448 | | |
| Complaints docketed | 164 | Complaints | 5 |
| Previous action reconsidered: | | Previous action reconsidered: | |
| Orders to cease and desist | 2 | Orders to cease and desist | 66 |
| Settled by stipulations to cease and desist | 0 | Settled by stipulations to cease and desist | 1 |
| Dismissed | 0 | Dismissed | 11 |
| Closed without further proceedings ¹ | 0 | Total for disposition | 5 |
| Closed without further proceedings ¹ | 2 | Complaints rescinded | 12 |
| Total for disposition | 614 | Orders to cease and desist | 3 |
| Complaints rescinded | 0 | Settled by stipulations to cease and desist | 62 |
| Orders to cease and desist | 140 | Settled by acceptance of TPC rules | |
| Settled by stipulations to cease and desist | 4 | Dismissed | 938 |
| Settled by acceptance of TPC rules | 7 | Closed without further proceedings ¹ | |
| Dismissed | 15 | 196 | |
| Closed without further proceedings ¹ | 4 | Total disposition during year | 4 |
| 196 | | Pending end of year. | 444 |
| Total disposition during year | 170 | Total disposition | 4 |
| Pending end of year. | 444 | Pending June 30, 1945 | 444 |

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

TABLE 3.--*Court proceedings--orders to cease and desist--petitions for review to circuit court of appeals*

| FISCAL YEAR ENDED JUNE 30, 1945 | | CUMULATIVE SUMMARY, | |
|------------------------------------|-----|-----------------------------------|-----|
| MAR. 16, 1915, | | TO JUNE 30, 1945--continued | |
| Pending beginning of year. | 33 | | |
| Appealed | 16 | Petitions withdrawn | 59 |
| Total for disposition | 49 | Total disposition | 337 |
| Decisions for Commission | 16 | Pending June 30, 1945 | 27 |
| Decisions for others | 3 | | |
| Petitions withdrawn | 3 | 10-YEAR SUMMARY, JULY 1, 1935, TO | |
| JUNE 30, | | 1945 | |
| Total disposition during year | 22 | Pending July 1, 1935 | 3 |
| Pending end of year | 27 | Appealed | 23 |
| Total for disposition | 216 | Total of disposition | 216 |
| | | Decision of Commission | 13 |
| CUMULATIVE SUMMARY, MAR. 16, 1915, | | Decisions for others | 12 |
| TO JUNE 30, 1945 | | Petitions withdrawn | 44 |
| | | Total disposition | 189 |
| Appealed | 364 | Pending June 30, 1945 | 27 |
| Decisions for Commission | 179 | | |
| Decisions for others ¹ | 99 | | |

¹This table lists a cumulative total of 99 decisions in favor of respondents in Commission cases before the United States Circuit Courts of Appeals. However, the Grand Rapids furniture (vener) group (with 25 different docket numbers) was in reality 1 case, with 25 different subdivisions. It was tried, briefed, and argued as 1 case and was so decided by the court of appeals. The same held true of the curb-pump group (with 12 different subdivisions), the Royal Milling Co. group (with 6 different subdivisions), and the White Pine cases (12 subdivisions). In reality, therefore, these 55 docket numbers mean but 4 cases; and, if cases and not docket numbers are counted, the total decisions in favor of the respondents would be 48.

NOTE.--During the fiscal years 1919-45, inclusive, 58 petitions by the Commission for enforcement of orders to cease and desist were passed upon by courts. Of these proceedings, 54 were decided in favor of the Commission; 4 in favor of adversaries. Petitions for enforcement of orders issued under the Federal Trade Commission Act were made unnecessary by amendment of the Federal Trade Commission Act (Mar.21, 1938) making orders finally effective unless review is sought by respondents within 60 days after service of an order.

TABLE 4.--*Court proceedings-orders to cease and desist-petitions for review to the Supreme Court of the United States*

| | | | |
|---------------------------------------|----|------------------------------------|----|
| FISCAL YEAR ENDED JUNE 30, 1945, | | CUMULATIVE SUMMARY, MAR. 16, 1915, | |
| | | TO JUNE 30, 1945--continued | |
| Pending beginning of year | 0 | Decisions for others | 13 |
| Appealed by Commission | 1 | Petitions withdrawn by Commission | 2 |
| Appealed by others | 5 | Certiorari denied Commission | 9 |
| Total for disposition | 6 | Certiorari denied others | 39 |
| Decisions for Commission | 2 | Total disposition | 92 |
| Decisions for others | 0 | Pending June 30, 1945 | 0 |
| Petitions withdrawn by Commission | 0 | 10-YEAR SUMMARY, JULY 1, 1935, TO | |
| Certiorari denied Commission | 0 | JUNE | |
| Certiorari denied others | 4 | 30, 1945 | |
| Total disposition during year | 6 | Pending July 1, 1935 | 0 |
| Pending end of year | 0 | Appealed by Commission | 4 |
| | | Appealed by others | 33 |
| CUMULATIVE SUMMARY, MAR. 18, 1915, TO | | Total for disposition | 37 |
| JUNE 30, 1945 | | Decisions for Commission | 5 |
| | | Decisions for others | 1 |
| Appealed by Commission | 47 | Certiorari denied Commission | 1 |
| Appealed by others | 45 | Certiorari denied others | 30 |
| Total for disposition | 92 | Total disposition | 37 |
| Decisions for Commission | 29 | Pending June 30, 1945 | 0 |

TABLE 5.--*Court proceedings--mandamus, injunction, etc.-district courts and circuit courts of appeals*

| | | | |
|---------------------------------------|-----|-----------------------------------|-----|
| FISCAL YEAR ENDED JUNE 30, 1945 | | CUMULATIVE SUMMARY, | |
| MAR. 16, 1915, | | TO JUNE 30, 1945--continued | |
| Pending beginning of year | 0 | Decisions for others | 18 |
| Instituted by Commission | 1 | Petitions withdrawn by Commission | 5 |
| Instituted by others | 1 | Petitions withdrawn by others | 7 |
| Total for disposition | 2 | Total disposition | 112 |
| Decisions for Commission | 0 | Pending June 30, 1945 | 1 |
| Decisions for others | 0 | 10-YEAR SUMMARY, JULY 1, 1935, TO | |
| Petitions withdrawn by Commission | 1 | JUNE 30, 1945 | |
| Petitions withdrawn by others | 0 | Instituted by Commission | 55 |
| Total disposition during year | 1 | Instituted by others | 22 |
| Pending July 1, 1935 | 0 | Total for disposition | 77 |
| Pending end of year | 1 | Decisions for Commission | 64 |
| CUMULATIVE SUMMARY, MAR. 18, 1915, TO | | Decisions for others | 7 |
| JUNE 30, 1945 | | Petitions withdrawn by Commission | 1 |
| Instituted by Commission | 72 | Petitions withdrawn by others | 4 |
| Instituted by others | 41 | Total disposition | 76 |
| Total for disposition | 113 | | |

TABLE 6.--*Court proceedings--mandamus, injunction, etc.--Supreme Court of the United States*

| FISCAL YEAR ENDED JUNE 30, 1945 MAR.16, 1945, | | CUMULATIVE SUMMARY, TO JUNE 30, 1945--continued | |
|--|---|--|-----------------------|
| Pending beginning of year | 0 | | |
| Appealed by Commission | 0 | Decisions for others | 5 |
| Appealed by others | 1 | Certiorari denied Commission | 1 |
| | | Certiorari denied others | 4 |
| Total for disposition | 1 | Total disposition | 12 |
| Decisions for Commission | 0 | Pending June 30, 1945 | 0 |
| Decisions for others | 0 | | |
| Certiorari denied Commission | 0 | | |
| Certiorari denied others | 1 | 10-YEAR SUMMARY, JULY 1, 1935, | 1, 1935, |
| TO | | | |
| | | JUNE 30, 1945 | |
| Total disposition during year | 1 | Pending July 1, 1935 | 0 Tj 207 0 TD 0 begin |

PART III. TRADE PRACTICE CONFERENCES

UNFAIR COMPETITIVE PRACTICES PREVENTED THROUGH RULES OF FAIR COMPETITION

The trade practice conference procedure has for its purpose the establishment, by the Commission, of trade practice rules for the protection of industry, trade, and the purchasing public against unfair competitive practices, monopolistic restraints, and other trade evils in conflict with laws administered by the Commission. Under this procedure, conferences are conducted for industries and effective means are made available for groups or other interested or affected parties to participate voluntarily

¹ Rules when promulgated for an industry are issued in pamphlet form and are available to interested parties upon request to the commission.

cases of alleged objectionable practices in conflict with the rules, correction or adjustment was effected through cooperative effort. Results obtained demonstrated a primary objective of the trade practice rules, namely, the wholesale elimination of unfair competitive methods without the expense of litigation. However, in the few

of fictitious animal designations in descriptions of furs; misrepresenting character, extent, or type of busf

PART IV. WOOL PRODUCTS LABELING ACT

INFORMATIVE LABELING FOR PROTECTION OF INDUSTRY AND THE PUBLIC

The Wool Products Labeling Act of 1939 was enacted by Congress to enable purchasers to know the true content of articles which are made or appear to be made in whole or in part of woolen fiber and to safeguard producers, manufacturers, merchants, and the public generally against the deception and unscrupulous competition arising from nondisclosure of content and misbranding. Approved by the President October 14, 1940, and effective July 14, 1941, the act provides for its administration and enforcement by the Federal Trade Commission.

Products required by the act to show, by stamp, tag, label, or other means of identification, their fiber content are those which contain, purport to contain, or are represented as containing "wool," "reprocessed wool," or "reused wool" and which are manufactured for, or introduced into, "commerce" as defined by section 2, excepting carpets, rugs, mats and upholsteries exempted by section 14.

The act requires that the label disclose the kind and percentage of each different fiber contained in the product, including the respective percentages of "wool," "reprocessed wool" and "reused wool." Disclosure of maximum percentage of loading and adulterating material, if any, and the name of the manufacturer of the wool product or the name of the qualified distributor or reseller, is also to be made on the label. This label or a proper substitute therefor specified by the statute is to remain and be on the merchandise when it is delivered to the consumer.

Products to which the act applies embrace in general all articles of clothing or wearing apparel, blankets, etc., made or purporting to be made in whole or in part of wool; also the yarns and fabrics of the wool textile industry and the products of manufacturing industries using such yarns and fabrics. The products covered are indispensable to the daily needs of the entire population and essential to health and well-being. Honesty and fair dealing in the manufacture and distribution of such vital commodities are necessarily matters of prime importance to the public. These products come from approximately 70 industries and are marketed through distributor and dealer outlets estimated to number in excess of 250,000.

Rules and regulations under and

matter, of certain forms of labels and tags which are acceptable under the act. Manufacturers, distributors, dealers, and other interested parties may obtain the leaflet upon request to the Commission.

PART V. RADIO AND PERIODICAL ADVERTISING

may no

read each

working day. From this material 10,574 advertising broadcast statements were marked for further study as containing representations that might be false or misleading.

Cooperation of radio and publishing industries.--In general, the Commission has received the cooperation of the 4 Nation-wide network chains, 19 regional network groups, and transcription producers engaged in preparing commercial radio recordings; and of 850 commercial radio stations, 503 newspaper publishers, and 446 publishers of magazines, farm journals and trade publications. It has observed a desire on the part of these broadcasters and publishers to aid in the elimination of false and misleading advertising.

Sources of radio and periodical cases.--During the fiscal year 90 percent of the radio and periodical cases resulted from the routine survey of advertising material as described above and 10 percent from complaints by or information received from other Government agencies, competitors, and other members of the public.

Analysis of questioned advertising.--An analysis of the questioned advertisements, which were assembled by cases and given legal review, discloses that they pertained to 1,114 commodities in the proportions indicated below:

CLASSIFICATION OF PRODUCTS

Commodity

2 Additional statements and statistics covering the work of the Commission in investigating cases Involving false advertising of food, drugs, devices, and cosmetics are given on p.33.

PART VII. FOREIGN TRADE WORK

EXPORT TRADE ACT

The Export Trade Act (Webb-Pomerene Law) of April 10, 1918, provides for the organization of export groups or associations which shall not be deemed in violation of the Sherman Act if the associations comply with provisions of the Exp

York, New Jersey, Connecticut, Pennsylvania, Ohio, Illinois, and Michigan, January
1945; U. S. International Book Association,

EXPORT ASSOCIATIONS ON FILE WITH THE COMMISSION

The 49 associations filing papers with the Commission at the close of the fiscal year were:

American Box Shook Export Association,
308 Barr Building,
Washington, D. C.

Easco Lumber Association,
216 Pine Street,
San Francisco.

Durex Abrasives Corp.,
63 Wall Street, 347
New York.

tion, The,
Madison Avenue,
New York.

Potash Export Association, Inc.,
420 Lexington Avenue,
New York.

Redwood Export Co.,
405 Montgomery Street,
San Francisco.

Rubber Export Association, The,
1185 East Market Street,
Akron, Ohio.

Steam Locomotive Export Association, Inc.,
Room 1624,
30 Church 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 As-
sociation,
1611 Forty-fourth Street NW.,
Washington, D. C.

United States Alkali Export Associa-
tion, Inc.,
11 Broadway,
New York.

United States Insulation Board Export
Association,
120 South LaSalle Street,
Chicago.

United States International Book
Association, Inc.,
347 Fifth Avenue,
New York.

Walnut Export Sales Co., Inc.,
540 Postal Station Building,
Indianapolis.

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

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

Wesco Lumber Association,
Room 500, 2 Pine Street,
San Francisco.

Wine & Brandy Export Association of
California,
85 Second Street,
San Francisco.

Wire Rope Export Trade Association,
The,
c/o Wm. P. Laseter, Chairman,
Room 2006, 19 Rector Street,
New York.

COMMISSION INQUIRIES UNDER EXPORT TRADE ACT

The Commission conducted investigations during the year as to operation of several export associations, under section 5 of the Export Trade Act.

Summonses and bills of particulars were issued to the Florida Hard Rock Phosphate Export Association, Phosphate Export Association, Carbon Black Export, Inc., General Milk Co., Inc., Electrical Apparatus Export Association, and Sulphur Export Corp. Hearings were held in the phosphate, carbon black and sulphur inquiries but had not been reached in the milk and electrical association cases at the close of the fiscal year.

One of these inquiries was completed and resulted in the Commission making recommendations for the readjustment of the business of the Florida Hard Rock Phosphate Export Association. These recommendations provide:

1. That Florida Hard Rock Phosphate Export Association withdraw from and rescind its agreements with Phosphate Export Association and the North African Group (Office Cheriefien des Phosphates of Rabat, Morocco, Comptoir des Phosphates D'Algerie et de Tunisie, of Tunis) and with Phosphate Export Association, the North African Group and Curacao (Mijnmaatschappij Curacao of Amsterdam) requiring that deductions for shipments of Florida Hard Rock phosphate from the United States made by American nonmembers of the Association be made from the quota of American shipments of hard rock phosphate to Europe stipulated for in said agreements, and that said Association refrain from entering into like or similar covenants

in the future.

TRADE REGULATION AND UNFAIR COMPETITION ABROAD

The Commission has continued its observation of measures adopted by other countries looking to the regulation of trade and industry and the suppression of unfair competition. Space does not permit a detailed discussion, but a few of the more important measures may be briefly noted:

Argentina.--Presidential Decree No.20262, August 1, 1944, created a Department of Industry and Commerce to take over supervision of industry, commerce, power, technology, trade statistics, national defense, the National Rationing Council, and the special commodity commissions.

Canada.--Act for the Support of the Prices of Agricultural Products during the Transition from War to Peace was passed on August 15, 1944.

Colombia.--Presidential Decree No. 2300, September 26, 1944, created the National Supply Institute to facilitate production, importation and distribution of articles of prime necessity and to regulate exportation and prices thereof.

Cuba.--Presidential Decree No. 1934 of July 1, 1944, declared infractions of resolutions of the Office of Price Regulation and Supply and of the Director General of the Cuban Coffee Stabilization Institute-to be crimes of disobedience and subject to penalties. Decree No 3877 on October 30, 1944, fixed penalties for noncompliance with profiteering orders. A decree on August 19, 1944, required general wage increases for persons engaged in commercial, industrial and agricultural activities, to meet the increased cost of living.

Ecuador.--Legislative decree on December 4,1944, established price control for food and articles of prime necessity through creation of local Food Price Control Boards, and prescribed measures to regulate their distribution through a National Distributing Agency.

Mexico.--Decree on June 1, 1944, created a Federal Industrial Development Commission to plan, finance, organize, and establish industries indispensable to the national industrialization of the country.

Uruguay.--Law of June 15, 1944, authorized the President to acquire the corn crop from the farmers in order to set up buffer stocks to prevent a fall in prices, to buy thin pigs and sell them at cost to corn producers, and to take steps to obtain better processing, storage and use of grain and meat.

Venezuela.--Presidential Decree on August 15, 1944, created the National Supply Commission to take over functions of the National Price Regulation Board, the National Transport Board, and the Import Control Commission.

PART VIII. FISCAL AFFAIRS
APPROPRIATION ACT PROVIDING FUNDS FOR COMMISSION WORK

The Independent Offices Appropriation Act, 1945 (Public Law 358, 78th Cong.), approved June 27, 1944, provided funds for the fiscal year 1945 for the Federal Trade Commission as follows:

FEDERAL TRADE COMMISSION

For salaries and expenses of the Federal Trade Commission, including personal services in the District of Columbia; contract stenographic reporting services; supplies and equipment, lawbooks, books of reference, periodicals, garage rentals; traveling expenses, including not to exceed \$900 for expense of attendance, when specifically authorized by the Commission, at meetings concerned with the work of the Federal Trade Commission; newspapers not to exceed \$500, foreign postage, and witness fees and mileage in accordance with section 9 of the Federal Trade Commission Act; \$2,011,070, of which not less than \$172,410 shall be available for the enforcement of the Wool Products Labeling Act: *Provided*, That no part of the funds appropriated herein for the Federal Trade Commission shall be expended upon any investigation hereafter provided by concurrent resolution of the Congress until funds are appropriated subsequently to the enactment of such resolution to finance the cost of such investigation.

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

Total, Federal Trade Commission, \$2,054,070.

APPROPRIATIONS FOR FISCAL YEAR

Appropriations available to the Commission for the fiscal year ended June 30, 1945, under the Independent Office82 Tc TD W2.4A 18.909 Tc (June) Tj 20.4 0 TD 0 Tc () Tj0.012 C

Detailed statement of costs for the fiscal year ended June 30, 1945

| | Salary | Travel Expense | Other | Total |
|--------------------------------------|--------------|-------------------|-----------|--------------|
| Commissioners | \$49,999.20 | \$339.87 | \$1.55 | \$50,340.62 |
| Offices of commissioners | 43,842.04 | | | 43,842.04 |
| Office of the secretary | 36,807.42 | | | 36,807.42 |
| Total | 130,048.66 | 339.87 | 1.55 | 130,990.08 |
| Administration: | | | | |
| Budget and finance | 20,196.15 | | | 20,196.15 |
| Legal research and compiling | 12,880.93 | | | 12,880.93 |
| Library | 14,272.75 | | | 14,272.75 |
| Mail and files | 11,833.88 | | | 11,833.88 |
| Personnel supervision and management | 28,913.71 | | | 28,913.71 |
| Information service | 15,597.53 | | | 15,597.53 |
| Publication and procurement | 65,699.06 | | | 65,699.06 |
| Records | 46,234.68 | | | 46,234.68 |
| Stenographic | 66,250.09 | | | 66,250.09 |
| Communications | | | 11,337.48 | 11,337.48 |
| Contract service | | | 2,170.21 | 2,170.21 |
| Equipment | | | 6,583.54 | 6,583.54 |
| Rents | | | 6,557.95 | 6,557.95 |
| Supplies | | | 8,756.33 | 8,756.33 |
| Transportation of things | | | 427.74 | 427.74 |
| Travel expense | | 50.00 | | 50.00 |
| Total | 281,878.78 | 50.00 | 35,833.25 | 317,762.03 |
| Legal: | | | | |
| Preliminary inquiries | 132,735.56 | 6,658.22 | 278.78 | 139,672.56 |
| Applications for complaint | 350,341.33 | 21,198.53 | 988.39 | 372,528.25 |
| Complaints | 596,702.36 | 46,721.72 | 33,187.89 | 676,611.97 |
| Export trade associations | 29,030.25 | 1,129.76 | 14.74 | 30,174.75 |
| Trade practice conferences | 33,544.08 | 1,080.64 | 8.42 | 34,633.14 |
| Wool Products Labeling Act | 121,089.14 | 10,559.89 | 220.94 | 131,869.97 |
| Legal aids to the Commission | 27,487.57 | | | 27,487.57 |
| Total | 1,290,930.29 | 87,348.76 | 34,699.16 | 1,412,978.21 |
| General investigations: | | | | |
| Export trade study | 33,999.82 | 99.40 | .22 | 34,099.44 |
| Food industry financial reports | 1,406.75 | | | 1,406.75 |
| Cigarette inquiry | 17,072.02 | 902.23 | 16.49 | 17,990.74 |
| Total | 52,478.59 | 1,001.63 | 16.71 | 53,496.93 |
| Work for other Government agencies | 9,041.12 | 2,268.88 | 2.85 | 11,912.85 |
| Printing and binding | | | 26,643.35 | 26,643.35 |
| Summary: | | | | |
| Commissioners and secretary | 130,648.66 | 339.87 | 1.55 | 130,990.08 |
| Administration | 281,878.78 | 50.00 | 35,833.25 | 317,762.03 |
| Legal | 1,290,930.29 | 87,348.76 | 34,699.16 | 1,412,978.21 |
| | 2,268.88 | | | 2,268.88 |

APPROPRIATIONS AND EXPENDITURES, 1915-45

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

| Year | Nature of appropriations | Appropriations and liabilities | Expenditures | Balance |
|------|--------------------------|-----------------------------------|--------------|-------------|
| 1915 | Lump sum | \$184,016.23 | \$90,442.05 | \$93,574.18 |
| | Printing and binding | 12,386.76 | 9,504.10 | 2,882.60 |
| 1916 | Lump sum | 430,964.08 | 379,927.41 | 51,636.67 |
| | Printing and binding | 15,000.00 | 14,997.55 | 2.45 |
| 1917 | Lump sum | 542,025.92 | 448,890.66 | 93,135.26 |
| | Printing and binding | 25,000.00 | 23,610.54 | 1,389.48 |
| 1918 | Lump sum | 1,578,865.92 | 1,412,280.19 | 166,585.73 |
| | Printing and binding | 30,000.00 | 11,114.06 | 18,885.94 |
| 1919 | Lump sum | 1,693,622.18 | 1,491,637.39 | 201,984.97 |
| | Printing and binding | 14,934.21 | 14,934.21 | 0 |
| 1920 | Lump sum | 1,206,587.42 | 1,007,593.30 | 198,994.12 |
| | Printing and binding | 28,348.97 | 28,348.97 | 0 |
| 1921 | Lump sum | 938,609.94 | 842,991.24 | 95,618.70 |
| | Printing and binding | 37,182.56 | 37,182.56 | 0 |
| 1922 | Lump sum | 952,505.45 | 878,120.24 | 74,385.21 |
| | Printing and binding | 22,801.73 | 22,801.73 | 0 |
| 1923 | Lump sum | 952,020.11 | 948,293.07 | 3,727.04 |
| | Printing and binding | 22,460.21 | 22,400.21 | 0 |
| 1924 | Lump sum | 990,000.00 | 900,020.93 | 29,979.07 |
| | Printing and binding | 20,000.00 | 19,419.25 | 580.75 |
| 1925 | Lump sum | 990,000.00 | 988,082.37 | 1,917.63 |
| | Printing and binding | 20,000.00 | 19,866.14 | 133.86 |
| 1926 | Lump sum | 990,000.00 | 976,957.02 | 13,042.98 |
| | Printing and binding | 18,000.00 | 18,000.00 | 0 |
| 1927 | Lump sum | 980,000.00 | 943,881.99 | 36,118.01 |
| | Printing and binding | 17,000.00 | 17,000.00 | 0 |
| 1928 | Lump sum | 967,850.00 | 951,965.15 | 15,884.85 |
| | Printing and binding | 16,500.00 | 16,500.90 | 0 |
| 1929 | Lump sum | 1,135,414.83 | 1,131,521.47 | 3,893.36 |
| | Printing and binding | 27,777.69 | 27,777.69 | 0 |
| 1930 | Lump sum | 1,440,971.82 | 1,430,084.17 | 10,887.65 |
| | Printing and binding | 35,363.58 | 35,363.58 | 0 |
| 1931 | Lump sum | 1,932,857.81 | 1,808,463.35 | 124,454.46 |
| | Printing and binding | 39,858.73 | 39,858.73 | 0 |
| 1932 | Lump sum | 1,808,097.19 | 1,749,484.00 | 58,612.59 |
| | Printing and binding | 30,000.00 | 30,000.00 | 0 |
| 1933 | Lump sum | 1,421,714.70 | 1,378,973.14 | 42,741.56 |
| | Printing and binding | 30,000.00 | 20,000.00 | 10,000.00 |
| 1934 | Lump sum | 1,273,763.49 | 1,273,006.38 | 157.11 |
| | Printing and binding | 40,250.00 | 40,250.00 | 0 |
| 1935 | Lump sum | 2,063,398.01 | 1,922,313.34 | 141,084.67 |
| | Printing and binding | 34,000.00 | 34,000.00 | 0 |
| 1936 | Lump sum | 1,998,665.58 | 1,788,729.76 | 209,935.82 |
| | Printing and binding | 36,800.00 | 32,996.05 | 3,803.95 |
| 1937 | Lump sum | 1,895,571.94 | 1,850,673.82 | 44,898.12 |
| | Printing and binding | 43,353.95 | 43,353.95 | 0 |
| 1938 | Lump sum | 1,950,000.00 | 1,895,519.47 | 54,480.35 |
| | Printing and binding | 46,000.00 | 46,000.00 | 0 |
| 1939 | Lump sum | 2,236,795.00 | 2,150,474.40 | 86,320.60 |
| | Printing and binding | 46,700.00 | 46,709.00 | 0 |
| 1940 | Lump sum | 2,285,500.00 | 2,214,889.07 | 70,610.93 |
| | Printing and binding | 60,000.00 | 60,000.00 | 0 |
| 1941 | Lump sum | 2,240,000.00 | 2,167,256.24 | 72,743.76 |
| | Printing and binding | 60,000.00 | 59,000.00 | 1,000.00 |
| 1942 | Lump sum | 2,373,822.00 | 2,296,921.13 | 76,900.87 |
| | Printing and binding | 60,000.00 | 42,000.00 | 18,000.00 |
| 1943 | Lump sum | 2,237,705.00 | 2,100,783.09 | 138,921.91 |
| | Printing and binding | 50,250.00 | 32,210.75 | 18,039.25 |
| 1944 | Lumpsum | 2,040,050.00 | 1,917,307.50 | 122,742.50 |

| | | | | |
|------|----------------------|--------------|--------------|-----------|
| | Printing and binding | 43,000.00 | 39,848.47 | 3,151.55 |
| 1945 | Lump sum | 2,016,070.00 | 1,957,818.31 | 58,251.69 |
| | Printing and binding | 43,000.00 | 39,728.72 | 3,271.23 |

APPENDIXES

FEDERAL TRADE COMMISSION ACT

Commission.

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

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

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the Commission. ²

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

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

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

The Commission Is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers, subject to the Acts to regulate commerce, air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938, ³ and persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b) of said Act, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

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

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

jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, evidence, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed, and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to

able grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the

have such order corrected to accord with the mandate, in which event the order of the Commission shall become final when so corrected.

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

(j) If the Supreme Court orders a rehearing ; or if the case is remanded by the circuit court of appeals to

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

SEC. 7. That in any suit in equity brought by or under the dew.56 0 TD 0 Tc ()

commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing

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 willfully 0 TD or Tc () Tj 4.68 0

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

(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public, the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or In the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership, or corporation resides or transacts business.

(b) Whenever it appears to the satisfaction of the court in the case of a 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

advertisement relates under the conditions prescribed in said advertisement or, under such conditions as are customary or usual. No advertisement of a drug shall be deemed to be false if it is disseminated only to members of the medical profession, contains no false representations of a material fact, and includes, or is accompanied in each instance by truthful disclosure of, the formula showing quantitatively each ingredient of such drug.

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

(c) The term "drug" means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States,

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

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

or official National Formulary, or any supplement to any of them ; and (2) articles Intended for use In the diagnosis, cure, mitigation, treatment, or prevention of disease In man or other animals ; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals ; and (4) articles intended for use as a component of any article specified in clause (1), (2) , or (3); but does not Include devices or their components, parts, or accessories.

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

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

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

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

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

Original act approved September 26, 1914.

and now is the rule not to publish or divulge the name of an applicant or complaining party, and such party has no legal status before the Commission except ~~rule 13.040~~ ^{rule 13.040, 56.0 TD 705}

SETTLEMENT OF CASES BY STIPULATION

Whenever the Commission Shall have reason to believe that any person has been or is using unfair methods of competition or unfair or deceptive acts or practices in commerce, and that the interest of the public will be served by so doing, it may withhold Service of complaint and extend to the person opportunity to execute a stipulation satisfactory to the Commission, in which the person, after admitting the material facts, promises and agrees to cease and desist from and not to resume such unfair methods of competition or unfair or deceptive acts or practices. All such stipulations shall be matters of public record, and shall be admissible as evidence of prior use of the unfair methods of competition or unfair or deceptive acts or practices involved in any subsequent proceeding against such person before the Commission. It is not the policy of the Commission to thus dispose of matters involving intent to defraud or mislead; false advertisement of food, drugs, devices,

Agencies initiating or requesting investigations are indicated in parentheses in the headings below. For wartime inquiries, 1917-18 and 1941-45, see paragraphs headed "Wartime."

Accounting Systems (F. T. C.).--Pointing the way to a general improvement in accounting practices, the Commission published *Fundamentals of a Cost System for Manufacturers* (H. Doc. 1356, 64th, 31 p., 7/1/16) and *A System of Accounts for Retail Merchants* (19 p., o. p., 7/15/16).

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

Advertising as a Factor in Distribution.--See Distribution Methods and Costs.

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

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

Agricultural Implements.--See Farm Implements and Distribution Methods and Costs.

Agricultural Implements and Machinery (Congress).³--Prices of farm products reached record lows in 1932 but prices of many farm implements, machines, and repair parts maintained high levels resulting in widespread complaints in the next few years. The Commission investigated the situation (Public Res. 130, 74th, 6/24/36) and, following submission of its report, *Agricultural Implement and Machinery Industry* (H. Doc. 702, 75th, 1,176 p., 6/6/38), the industry made substantial price reductions. The report criticized certain competitive practices on the part of the dominant Companies which the companies later promised to remedy. It showed, among other things, that a few major companies had maintained a concentration of control which resulted in large part from their acquisition of the capital stock or assets of competitors prior to enactment of the Clayton Antitrust Act in 1914 and thereafter from their purchase of assets of competitors rather than capital Stock. ⁴ (See also under Farm Implements and Independent Harvester Co.)

Agricultural Income (Congress).--Investigating a decline in agricultural income and increases or decreases in the income of corporations manufacturing and distributing wheat, cotton, tobacco, livestock, milk, and potato products (Public Res. 61, 74th, 8/27/35), and table and juice grapes, fresh fruits and vegetables (Public Res. 112, 74th, 6/20/36), the Commission made recommendations concerning, among other things, the marketing of commodities covered by the inquiry; corporate consolidations and mergers; unbalanced agricultural-industrial relations; cooperative associations; production financing; transportation; and terminal markets. Its recommendations for improvement of the Perishable Agricultural Commodities Act were adopted by Congress in amending that act (Public 328, 75th) in 1937. [*Report of the F. T. C. on Agricultural Income Inquiry, Part I, Principal Farm Products*, 1,134 p., 3/2/37 (summary, conclusions and recommendation, S. Doc. 54, 75th, 40 p) *Part II, Fruits, Vegetables and Grapes*, 906 p., 6/10/37; *Part III, Supplementary Report*, 154 p., 11/8/37; and interim reports of 12/26/35 (H. Doc. 380, 74th, 6 p.), and 2/1/37 (S. Doc. 17, 75th, 16 p.)]

Agricultural Prices.--See Price Deflation.

Aluminum, Foundries Using (W. P. B.), Wartime, 1942-43.--Details were obtained for the War Production Board, at its request, from aluminum foundries throughout the U. S. covering their operations for May 1942 and their compliance with W. P. B. Supplementary Orders m-1-d, m-1-c and m-1-f.

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

Automobiles.--See Distribution Methods and Costs, and Motor Vehicles.

Bakeries and Bread.--See under Food.

Beet Sugar.--See under Food-Sugar.

Building Materials.--See Distribution Methods and Costs.

Pennsylvania, bituminous, 103 p., o. p.; (2) Pennsylvania, anthracite, 145 p., o. p.; (3) Illinois, bituminous, 127 p.; (4) Alabama, Tennessee, and Kentucky, bituminous, 210 p.; (5) Ohio, Indiana, and Michigan, bituminous, 288 p.; (6) Maryland, West Virginia, and Virginia, bituminous, 286 p.; and (7) trans-Mississippi States, bituminous, 459 p.).

Coal, Current Monthly Reports (F. T. C.).--The Commission (December 1919) initiated a system of current monthly returns from the soft coal industry similar to those compiled during the World War, 1917-18 (*Coal-Monthly Reports on Cost of Production*, 4/20/20 to 10/30/20, Nos. 1 to 6, and two quarterly reports with revised costs, 8/25/20 and 12/6/20, processed, o. p.). An injunction to prevent the calling for the monthly reports (denied about seven years later) led to their abandonment.

Combed Cotton Yarns.--See Textiles.

Commercial Bribery (F. T. C.).--Investigating the prevalence of bribery of customers' employees as a means of obtaining trade, the Commission published *A Special Report on Commercial Bribery* (H. Doc. 1107, 65th, 3 p., o. p., 5/15/18), recommending legislation striking at this practice; *Commercial Bribery* (S. Doc. unnumbered, 65th, 36 p., o. p., 8/22/18); and *Commercial Bribery* (S. Doc. 258, 66th, 7 p., c (Comms127 Tc (striking) Tj 33.72 0 TD 0 Tc () 4n0102 R8 0 () 2.28 0 TD (p.,) Tj 11.04

supplementary and conservation orders and regulations of the Director of Priorities, Office of Production Management (later the War Production Board).

Corporation Reports.--See Industrial Corporation Reports.

Cost Accounting.--See Accounting Systems.

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were no substantial antitrust

Food (President) Continued-Grain Trade.--Covering the industry from country elevator to central market, the *Report of the F. T. C. on the Grain Trade* was published in seven parts: *I. Country Grain Marketing* (9/15/20, 350 p., o. p.); *II. Terminal Grain Markets and Exchanges* (9/15/20, 333 p., o. p.); *III. Terminal Grain Marketing* (12/21/21, 332 p., o. p.); *IV. Middlemen's Profits and Margins* (9/26/23, 215 p., o. p.); *V. Future Trading Operations in Grain* (9/15/20, 347 p., o. p.); *VI. Prices of Grain and Grain Futures* (9/10/24, 374 p.); and] *VII. Effects of Future Trading* (6/25/26, 419 p.). The investigation as reported in Vol. V, and testimony by members of the Commission's staff (*U. S. Congress House Committee on Agriculture, Future Trading, hearings, 67th, April 25-May 2,*

⁸ The Commission was created September 26, 1914, upon passage of the Federal Trade Commission Act. sec. 3 of which provided that "all pending investigations and proceedings of the Bureau of Corporations [of the Deptf1 Tc nd]ee5Tj 29.16 0 T-11.04 TD -0.01326f5 (f.0277 Tw (Co39 0 T1in 0.007Tw () Tj 4.08

1921) was an important factor in enactment of the Grain Futures Act (1921). Further reference to the grain trade is made under Grain Elevators, below; Grain Exporters, p.101; and Grain Wheat Prices, p.101.)

Food (President) Continued--Bakeries and Flour Milling.--One F.T.C. report was published by the Food Administration (*U. S. Food Administration, Report of the F. T. C. on Bakery Business in U.S.*, pp.5-13, o. p., 11/3/17.) Other reports were: *Food Investigation, Report of the F. T. C. on Flour Milling and Jobbing* (4/4/18, 27 p., o. p.) and *Commercial Wheat Flour Milling* (9/15/20.118 p., o. p.).

Food (President) Continued--Canned Foods,¹⁰ Private Car Lines, Wholesale Food Marketing.--Under the general title *Food Investigation* were published *Report of the F. T. C. on Canned Foods-General Report and Canned Vegetables and Fruits* (5/18/18, 103 p., o. p.); *Report of the F. T. C. on Private Car Lines* () 3.99m dl TD -0.0127 0 FD (

Food--Flour Milling (O. E. S.), Wartime, 1942-43.--Requested by the Director of the Office of Economic Stabilization, this inquiry covered practices, costs, prices and profits in the wheat flour milling industry, its purpose being to provide the Director with facts to determine what economies could be effected in the industry so as to eliminate the need for a wheat subsidy, without reducing farmers' returns, or to reduce bread prices. The report was made to O. E. S. and] a more detailed report was prepared for O. P. A.

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

Food--Grain Exporters (Senate).--The low prices of

crushers and mills was investigated (S. Res. 139, 71st, 10/22/29). The Commission found that an industry-wide decline in prices of farmers' stock peanuts during the business depression was not due to such a combination, although pricing practices of certain mills tended to impede advancing and to accelerate declining prices (*Prices and Competition Among Peanut Mills*, S. Doc. 132, 72d, 78 p., 6/30/32).

Food--Raisin Combination (Attorney General).--Investigating allegations of a combination among California raisin growers (referred to F. T. C. 9/30/19), the Commission found the enterprise not only organized in restraint of trade but conducted in a manner threatening financial disaster to the growers. The Commission recommended changes which the growers adopted (*California Associated Raisin Co.*, 26 p., processed o. p., 6/8/20).

Food--Southern Livestock Prices (Senate).--Although the low prices of southern livestock in 1919 gave rise to a belief that discrimination was being practiced, a Commission investigation (S. Res. 133, 66th, 7/25/19) revealed the alleged discrimination did not appear to exist (*Southern Livestock Prices*, S. Doc.- 209, 66th, 11 p., o. p, 2/2/20).

Food--Sugar (House).--An extraordinary advance in the price of sugar in 1919 (H. Res. 150, 66th, 10/1/19) was found to be due chiefly to speculation and hoarding. The Commission made recommendations for correcting these abuses *Report of the F. T. C. on Sugar Supply and Prices*, 205 p., 11/15/20).

House Furnishings (Senate).--This inquiry (S. Res. 127, 67th, 1/4/22) resulted in three volumes showing concerted efforts to effect uniformity of prices in some lines (*Report of the F. T. C. on House Furnishing Industries*, 1018 p., 1/17/23, 10/1/23, and 10/6/24).

Household Furniture (O. P. A.), Wartime, 1941-42.--Costs, prices, and profits of 67 representative furniture companies were studied to determine whether, and to what extent, price increases were justified.- A study was also made to determine whether price-fixing agreements existed and whether wholesale price increases resulted from understandings in restraint of trade. Confidential reports were transmitted to O. P. A. in Sept. 1941.

Independent Harvester Co. (Senate), Wartime, 1917-18.--After investigation (S. Res. 212, 65th, 3/11/18) of the organization and methods of operation of the company which had been formed several years before to compete with the "harvester trust," but which had passed into receivership, the *F. T. C. Report to the Senate on the Independent Harvester Co.* (5 p., release, processed, o. p., 5/15/18) showed the company's failure was due to mismanagement and insufficient capital.

¹¹ See footnote 8, p. 99.

Associations, S. Doc. 226, 70th, 516 p., 2/13/29).

Mass Foods Distributors.--See Food.

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

Metal-Working -Machines, Invoicing and Distribution of (W. P. B.), Wartime,

1942-43.--For the War Production Board an inquiry was made to obtain complete data from the builders of metal-working machines (including

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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 distributors in supplying paper to publishers of small dailies and weeklies (*Newsprint Paper Industry*, S. Doc. 214, 71st, 116 p. 6/30/30).

Paper--Newsprint (Attorney General).--The Commission investigated (inquiry referred to F. T. C. 1/24/38) the manner in which certain newsprint manufacturers complied with a consent decree entered against them (11/26/17) by the U. S. District Court, Southern District of New York.

Peanut Prices.--See Food.

Petroleum Products.--See Distribution Methods and Costs.

Petroleum and Petroleum Products, Prices (President and Congress).--At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: *Investigation of the Price of*

Gasoline, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and *Report on the Price of Gasoline in 1915* (H. Doc. 74, 65th, 224 p., o. p., 4/11/17)--both pursuant to S. Res. 109, 63d, 6/18/13¹² and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; *Advance in the Prices of Petroleum Products* (H. Doc. 801, 66th, 57 p., 6/1/20)--pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; *Letter of Submittal and Summary of Report on Gasoline Prices in 1924* (24 p. processed, 6/4/24, and Cong. Record, 2/28/25, p. 5158)--pursuant to request of President Coolidge, 2/7/24; *Petroleum Industry--Prices, Profits and Competition* (S. Doc. 61, 70th, 360 p., 12/12/27)--pursuant to S. Res. 31, 69th, 6/3/36; *Importation of Foreign Gasoline at Detroit, Mich.* (S. Doc. 206, 72d, 3 p., o. p., 2/27/33)--pursuant to S. Res. 228, 70th, 2/28/33.

over the underlying operating companies, and was influential in bringing about the more comprehensive inquiry described under Power--Utility Corps., below. *Supply of Electrical*

F. T. C. Act, Sec. 6) embraced the financial set-up of electric and gas utility companies operating in interstate commerce and of their holding companies and other companies controlled by the holding companies. The inquiry also dealt with the utilities' efforts to influence public opinion with respect to municipal ownership of electric utilities. The Commission's reports and recommendations, focusing Congressional attention upon certain unfair financial practices in connection with the organization of holding companies and the sale of securities, were among the influences which brought about enactment of such remedial legislation as the Securities Act of 1933, the Public Utility Holding Company Act of 1935, the Federal Power Act (1935), and the Natural Gas Act (1938).

Public hearings were held on all phases of the inquiry and monthly interim reports presented hundreds of detailed studies by the commission's economists, attorneys, accountants and other experts, based on examination of 29 holding companies having \$6,108,128,713 total assets; 70 subholding companies with \$5,685,463,201 total assets; and 278 operating companies with \$7,245,106,464 total assets. The testimony, exhibits and final reports (*Utility Corporations*, S. Doc. 92, 70th) included 95 volumes.

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Price Bases (F. T. C.).--More than 3,500 manufacturers representing practically every industrial segment furnished data for this study (F. T. C.- motion, 7/27/27) of methods used for computing delivered prices on industrial products and of the actual and potential influence of such methods on competitive markets and price levels. In the cement industry the basing-point method ¹⁵ was found to have a tendency to establish unhealthy uniformity of delivered prices and cross-haul or cross-freighting to be an economic evil (*Report of the F. T. C. on Price Bases Inquiry, Basing-Point Formula and Cement Prices*, 218 p., 3/26/32). Illustrating.0087 (C.) Tj 10.08 0 TD 0 Tc

Manufacturers of; Silverware Manufacturers and Silver Suppliers; Steel Industry; Textile Mills, Cotton; and Tin, Consumers of. The report on each of these investigations was made directly to W P. B.

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

Profiteering (Senate), Wartime, 1917-18.--Current conditions of profiteering (S. Res. 255, 65th, 6/10/18) as disclosed Commission investigations were reported in *Profiteering* (S. Doc. 248, 65th, 20 p., 6/29/18).

Quinine, Manufacturers and Wholesalers of (W. P. B.), Wartime, 1942-43.--At the instance of the War Production Board, investigation was made to determine whether requirements of its Conservation Order No. m-131-a, relating to quinine and other drugs extracted from cinchona bark, were being complied with.

¹⁴ Final report, 1945. General index in 1937. Some of the volumes are out of print. Annual Report, 1941, p. 221; and lists of companies investigated, see F. 1945, p. 36. Reports listed under "Cement," "Steel

Radio (House).--A comprehensive investigation of the radio industry (H. Res. 548, 67th, 3/4/23; *Report of the F. T. C. on the Radio Industry*, 347 p., 12/1/23) contributed materially to enactment of the Radio Act of 1927 and the succeeding Federal Communications Act of 1934. The investigation was followed by Commission and Department of Justice proceedings on monopoly charges which culminated in a consent decree (11/2/32; amended 11/2/35).

Rags, Woolen.--See Textiles.

Raisin Combination.--See Food.

Range Boilers.--See Price Bases.

Resale Price Maintenance (F. T. C.).--The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which purchasers should resell. them led to the first inquiry, resulting in a report, *Resale Price Maintenance* (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: *A Report on Resale Price Maintenance* (H. Doc. 145, 66th, 3 p 6/30/19, and *Resale Price Maintenance* (F.- T. C. motion 7/25/27.- reports, Part I, H. Doc. 546, 70th, 141 p., o. p., 1/30/29, and Part II, 215 p., 6/22/31).

Rubber Tires and Tubes.--See Distribution Methods and Costs.

Salaries (Senate).--The Commission investigated (S. Res. 75, 73d, 5/29/33) salaries of executives and directors of corporations (other than public utilities) engaged in interstate commerce, such corporations having more than \$1,000,000 capital and assets and having their securities listed on the New York stock or curb exchanges. The *Report of the F. T. C. on Compensation of Officers and Directors of Certain Corporations* (15 p., processed, 2/26/34) explained the results of the inquiry. 16 The facts developed focused the attention of Congress on the necessity of requiring listed corporations to report their salaries.

Silverware, Manufacturers of (W. P. B.), Wartime, 1942-43.--Silverware manu-
 facturers were investigated at the request of the War Production Board to determine the extent to which they had complied with the copper orders, that is, W P.- B. General Preference Order No. m-9-a, Supplement, .

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

Steel Costs and Profits.--See Wartime Cost Finding, 1917-18.

Steel Costs and Profits (O. P. A.), Wartime, 1942-43.--A report on the Commission's survey of costs, prices and profits in the steel industry, begun in April 1942 at the request of O. P. A., was made to that agency. The inquiry covered 29 important steel producing companies.

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

¹⁷ As of the same date the N. R. A. published its *Report of the National Recovery Administration on the Operation of the Basing-Point System in the Iron and Steel Industry* (175 p., processed). The basing-point system is also discussed in published reports listed under "Cement" and "Price Bases" herein.

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 d. 705 (Chas.) 112, 278 0 sTD 0 Tc () Tj 4.44 0 1 0

Textiles--Cotton Growing Corporation.--See Foreign Trade.

Textiles--Cotton Merchandising (Senate)--Investigating abuses in handling consigned cotton (S. Res. 252, 68th, 6/7/24), the Commission made recommendations designed to correct or alleviate existing conditions (*Cotton Merchandising Practices*, S. Doc. 194, 68th, 38 p., 1/20/25).

Textiles--Cotton Trade (Senate)--Investigation (S. Res. 262, 67th, 3/29/22) involved a decline in cotton prices, 1920-22, as reported in *Preliminary Report of the F. T. C. on the Cotton Trade* (S. Doc. 311, 67th, 28 p., o. p., 2/26/23). After a second inquiry (S. Res. 429, 67th, 1/31/23), the Commission recommended certain reforms in trading practices and particularly in permitting Southern delivery of cotton on New York futures contracts (*The Cotton Trade*, incl. testimony, S. Doc. 100, 68th, 2 vols., 510 p., o. p., 4/28/24) A subsequent Senate bill (S. 4411, 70th, 5/18/28) provided for Southern warehouse delivery, but, before any law was enacted, the New York Cotton Exchange adopted Southern delivery on New York

¹⁸ See footnote 15, p.106.

*Cost Reports of the F. T. C--Copper (26 p., o. p., 6/30/19); Report of the F. T. C. on
Wartime Costs*

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

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[Index does not include names or items in alphabetical lists, tables, or appendixes. For names of export trade associations, see p.78; for appropriation items, see p.82; and for titles and summaries of investigations, 1915-45, see p.94.]

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