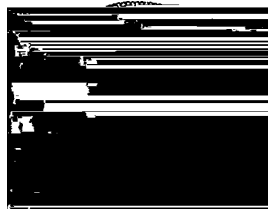


Annual  
Report  
of the **FEDERAL  
TRADE  
COMMISSION**

For the Fiscal Year Ended  
June 30, 1954



## Federal Trade Commission

EDWARD F. HOWREY, Chairman  
LOWELL B. MASON  
JAMES M. MEAD  
JOHN W. GWYNNE  
ROBERT T. SECREST<sup>1</sup>

ROBERT M. PARRISH, Secretary  
ALEX. AKERMAN, Jr., Executive Director  
DAVID C. MURCHISON, Legal Adviser  
and Assistant to the Chairman

---

<sup>1</sup> Took office September 26, 1954.



## Letter of Transmittal

FEDERAL TRADE COMMISSION  
Washington, D. C.

To the Congress of the United States:

I have the honor to transmit herewith the Fortieth Annual Report of the Federal Trade Commission, for the fiscal year ended June 30, 1954.

By direction of the Commission.

EDWARD F. HOWREY, Chairman.

THE PRESIDENT OF THE SENATE.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

# CONTENTS

---

Chapter	Page
1. Improvements in Administration	1
Return to First Principles	1
Increased Compliance and Enforcement	4
Reorganization of Commission	7
Overlapping Activities	8
2. Protecting the Competitive System—Basic Function of the Commission	10
Statutory Authority	10
Commission Membership	18
Staff Reorganization and Operational Changes	18
3. Investigation	21
Monopoly Practices	22
Deceptive Practices	24
Wool, Fur and Flammable Fabric Acts Administration	25
Accounting Services in Legal Case Work	26
Scientific Advisory Services	26
Insurance	26
4. Litigation Before the Commission	28
Formal Complaints Issued—Examples	29
Cease and Desist Order Cases—Examples	33
5. Cease and Desist Order Compliance	40
Attention to Old Orders	40
Antimonopoly Compliance Cases	41
Deceptive Practice Compliance Cases	42
Advertising Task Force	42
Compliance Cases in Federal Courts	42
6. Court Proceedings	44
Antimonopoly Cases	44
Deceptive Practice Cases	46
Other Court Cases	50
7. Cooperation with Industry	52
Trade Practice Conferences	52
Stipulations	57
Export Trade Act Administration	59

Chapter

## IMPROVEMENTS IN ADMINISTRATION

---

Fiscal year 1954 was a year of substantial progress and of marked improvement in the operations of the Commission. Its program consisted of efforts to return to first principles, plans to accelerate compliance and enforcement, a full-fledged attack on delay in the casework and procedures of the Commission, and a study of agency overlap and duplication of activity.

A review of few of the developments that have taken place with reference to these problems is believed warranted.

### RETURN TO FIRST PRINCIPLES

In creating the Federal Trade Commission, the Congress had two principal ideas in mind: First, to create a body of experts competent to deal with complex competitive practices "by reason of information, experience, and careful study of business and economic conditions"; and, second, to authorize this body of experts to deal with unfair competitive methods in their incipient stages. The action was to be prophylactic; the purpose was prevention of diseased business conditions.

While the Sherman Act of 1890 constituted a substantial first step toward the alleviation of the deficiencies of private remedies in the antitrust field, there remained a general climate of doubt, particularly in the Congress, that the Sherman Act and the judicial process provided the complete solution in an America emerging from an agricultural economy. It was believed that the administrative process— in the form of a trade commission—would be well suited to deal with the difficult problems of industries and markets, problems with respect to which Congress was unsuited to deal and which it considered too burdensome for the court to solve without assistance.

The Commission has sought to gear itself to the responsibilities originally contemplated by the Congress.

1. First and foremost, the decisional work of the Commission is believed to be ample evidence of a return to first principles.

2. The Commission has been hard-hitting and effective where the circumstances required it, particularly in the hard-core" type of case.

During the fiscal year 1954, the Commission has issued 104 cease-and desist orders. It is noteworthy that of these more were issued in the antimonopoly field during fiscal year 1954 than in any preceding fiscal year since 1946.

The magnitude of some of these orders is indicated by one cease and desist order that terminated a restraint of trade combination among 350 distributors of electronic equipment. Another involved the entire salmon industry of Alaska and brought to an end a long standing price-fixing combination among canners and fisherman unions. A number of orders to cease and desist were issued under section 3 of the Clayton Act; these required the discontinuance of exclusive dealing arrangements in the hearing aid, hog serum and motorcycle industries. Numerous other orders prohibited false labeling of wool and fur products, false and misleading advertising of "food plans," and misrepresentations with reference to sewing machines and other consumer appliances.

During the same period of time the Commission issued 123 complaints. This included more antimonopoly complaints than in any of the four preceding fiscal years.

Illustrative of the antimonopoly complaints were those against members of the iron and steel scrap industry alleging restraint of trade in both domestic and foreign commerce; against price-fixing agreements among building material manufacturers and among paint and wall-paper dealers; and against unlawful price discrimination in the sale of petroleum gas used by farmers and rural residents for cooking and heating.

Complaints in the deceptive practice field ran the entire gamut of consumer goods, from food and drugs to clothing and home appliances.

3. The economic and marketing work of the Commission is of primary concern if the administrative process is to furnish the broad factual base in the complex field of antitrust law that Congress originally intended. Almost every antitrust case presents economic and marketing problems. Legal procedures are employed, it is true, but primarily for the purpose of resolving relevant economic question. For this reason, the Commission's Bureau of Economics has been and is being revitalized. Its economists are working closely with its investigators and trial lawyers. Primary emphasis is being placed upon those practices that have significance in the market place; that have or are likely to have some economic consequence.

The Commission issued two economic reports, one on Changes in Concentration in Manufacturing, and the other on Coffee Prices. Both have been well received. The coffee report has been described as one of the best economic studies ever published by a governmental agency.



4. The Commission has not further extended the per se doctrine. Except where the courts and Congress have directed otherwise, the Commission determines competitive effects by examination, analysis and evaluation of relevant market facts.

5. Another key in the effort to effectuate a return to first principles lies in the improvements that have taken place in the fact-finding and decisional work of the Commission and its hearing examiners.

On May 11, 1954, on the recommendation of Chairman Howrey, the Commission adopted the following program:

(a) The hearing examiner should issue findings and conclusions and his reasons therefor in every case, whether they be favorable or adverse to the allegations of the complaint. He should abandon

fully administered as interrelated expressions of national antitrust policy—not as separate and conflicting statutes.

7. To assure a proper functioning of the Commission as a quasijudicial agency, a number of steps have been taken to increase the authority of the hearing examiners who, as the triers of fact, are of key importance in the administrative process. In the Eastman Kodak case, for instance, the Commission ruled that examiners are qualified to entertain a preliminary motion to dismiss on the ground that the complaint fails to state a cause of action.

Presently the Commission is engaged in a comprehensive study of its rules of practice. On the basis of this study, it is fair to expect that the Commission will be able to revise its rules and thus to improve its administrative procedures. Such revisions will, it is expected, include recommendations of the President's Conference on Administrative Procedure to increase the authority of hearing examiners. This will lend greater substance to the spirit and purpose of the Administrative Procedure Act.

## INCREASED COMPLIANCE AND ENFORCEMENT

Several steps have been taken to accelerate and make more effective the Commission's compliance and enforcement work. These include:

8. In November of 1953, Chairman Howrey announced the appointment of members of the Commission's Advisory Committee on Cost Justification.

enforcement agency.<sup>1</sup> The public interest in this project, like the coffee study, has been great.

10. In September of 1953, a special staff committee was appointed to study the agency's procedures for obtaining compliance. On the basis of this committee's work, the Commission adopted in June a broad-scale compliance program. This will include, as a first step, a systematic and selective review of over 4,000 cease-and-desist orders, 8,000 stipulations under 2,000 trade practice rules. Other steps include:

(a) Closer coordination between the general investigative staff and the staffs primarily responsible for compliance with orders, stipulations and trade practice rules.

(b) More frequent use of procedures for requiring the filing of special follow-up reports "showing the manner and form of compliance with cease-and-desist orders."

(c) Use of a more informative letter of notification to respondents under orders and parties to stipulations concerning the action taken in receiving and filing their reports of compliance.

(d) A more effective program for enlisting the cooperation of industry members to effect industrywide observance of trade practice rules.

On August 3, a task force was appointed to screen current national and regional advertising, so as to determine whether advertisers are in compliance with outstanding orders, stipulations and trade practice rules. The task force is comprised of personnel with legal training. Previous advertising surveys were conducted by nonlegal personnel.

These measures will serve to stimulate compliance with existing orders. It would seem useless for the Commission to enter orders unless it sees to it that they are obeyed, either voluntarily or through appropriate enforcement proceedings against those who deliberately or willfully ignore them.

Failure to obtain compliance constitutes a

legal trainTc ( Tc ( )c ( ) Trade p40.32 0.0019 Tc (and) T





the Bureau of Investigation. These attorneys will supervise a case through its entire course and will be responsible for any unnecessary delay.

The project attorney is envisaged as being analogous to the solicitor in the British practice. The solicitor is responsible to his client through all phases of a case, although he may, from time to time, bring into the case additional assistance in the form of economists, accountants, barristers and the like. Like the solicitor, the work of the project attorney will not cease with the conclusion of the investigation; he will accompany the case into the litigation stage and assist the trial attorney with respect to the facts. It is believed that, if delay is to be eliminated, this feature of the reorganization will be more helpful than any other.

16. One of the most important accomplishments in the effort to eliminate delay has been the reduction in the backlog of cases pending before the Commission for decision. It has been the custom, at the first of each month, for the Secretary to report at the conference table the cases which have rested on individual Commissioners' desks for 30 days or more.

In the period since early 1953, the Commission has reduced by almost five times the number of cases pending more than 30 days.

The Commission has also become more expeditious in ~~Commission~~ ~~the~~

Similar liaison arrangements, although less formal, have been made with other agencies, including the Bureau of Standards, the Post Office Department and the Patent Office.

These are some of the events that have taken place during fiscal year 1954 at the Commission. It is believed that they have been constructive and in the public interest.

## PROTECTING THE COMPETITIVE SYSTEM —BASIC FUNCTION OF THE COMMISSION

### STATUTORY AUTHORITY

The Federal Trade Commission is composed of five Commissioners appointed by the President and confirmed by the Senate, of whom no more than three may be of the same political party. The Commission is charged with the responsibility for administering and enforcing laws in the field of antitrust and trade regulation. They deal with prevention of monopoly, restraints of trade, and unfair trade practices. The Commission also has the duty of investigating and reporting economic problems and corporate activity, particularly in relation to the antitrust laws and in aid of legislation. A primary purpose of the laws which the Commission administers is to protect competition in our private enterprise economy.



against persons, partnerships, or corporations within its jurisdiction which it has reason to believe have been or are using any such unlawful methods, acts, or practices in commerce. If, upon due proceeding and hearing, the Commission finds that the practices in question violate the act, it is empowered to issue a cease and desist order against the offending party or parties. Such an order may be appealed from the Commission to a court of law.

the facts to the Attorney General for prosecution whenever it has reason to believe any person, partnership or corporation is liable under the criminal provision.

The second broad category of functions conferred upon the Commission under the Federal Trade Commission Act consists of the powers conferred by section 6. This section empowers the Commission 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

tions 2, 3, 7, and 8. Procedures are prescribed in section 11 by which, upon complaint and due hearing, corrective action may be applied by the Commission in the form of a cease and desist order or, in merger cases in order of divestiture.

Section 2 of the Clayton Act, amended by the Robinson-Patman Act—Discriminatory Pricing.<sup>5</sup>—Subject to specified justification and defenses, this section provides that it shall be illegal to discriminate in price between different purchasers of commodities of like grade and quality sold for use, consumption, or resale within the United States, were the effect of the discrimination "may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefits of such discrimination, or with customers of either of them."

Exception is provided for differentials which make only due allowance for differences in cost of manufacture, sale, or delivery, which are directly attributable to differences in

only

Inducement of Discrimination.—Another provision of the Robinson-Patman Act makes it unlawful for any person in the course of commerce "knowingly to induce or receive" an illegally discriminatory price.

Tying or Exclusive Dealing Contracts.—Section 3 of the Clayton Act prohibits the lease or sale in the course of commerce of goods, wares, merchandise, machinery, supplies or other commodities, for use, consumption or resale within the jurisdiction of the United States on the condition, agreement or understanding that the lessee or purchaser shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of competitors of the lessor or seller, here the effect thereof "may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

Anti-Merger Law.—This statute, approved December 29, 1950,<sup>6</sup> is in the form of a revision and restatement of section 7 of the original Clayton Act. It is specific legislation on the subject of suppression of competition through the merger or consolidation of corporations. Such conduct is prohibited, whether brought about by the direct or indirect acquisition of either stock or assets of the acquired corporation, where the effect of the acquisition or merger may be substantially to lessen competition or tend to create a monopoly in any line of commerce in any section of the country. Certain exceptions are provided, including; cases in which the stock is purchased solely for investment and not used for voting or otherwise to bring about or attempt to bring about the substantial lessening of competition. The Commission is designated as having enforcement responsibility applicable to commercial enterprises generally but not including specific businesses which are under the regulatory authority of other agencies, such as banks and common carriers.

Interlocking of Corporate Directorates.—Section 8 of the Clayton Act prohibits a person from serving, at the same time as a director of two or more corporations, any one of which has capital, surplus, or undivided profits aggregating more than \$1,000,000, when such corporations are or have been competitors under the conditions prescribed, so that the elimination of competition would constitute a violation of any provisions of the antitrust laws.

Specifically excluded from the jurisdiction of the Federal Trade Commission under this as well as other sections of the Clayton Act are certain types of commercial enterprises subject to other regulatory authority, such as common carriers, air carriers, banks, banking associations and trust companies.

---

<sup>6</sup> 64 Stat. 1125.



chaser whether the fur article is dyed, bleached, damaged, secondhand, or pieced. The country of origin of foreign furs must likewise be disclosed.

The Commission is specifically authorized to inspect and make tests of the merchandise covered, and to issue rules and regulations which have the force and effect of law. When necessary in the public interest, the Commission may resort to court proceedings for condemnation of goods seized as violative, and may apply for temporary injunctions pending completion of cease-and-desist order proceedings against; alleged offenders. Suits to collect civil penalties for violation of the Commission's final orders are also available in cases under these acts. For willful violations, misdemeanor prosecutions may be brought by the United States, and fines of up to \$5,000 or 1 year's imprisonment, or both, imposed by the court. Manufacturers and distributors may issue guaranties of having properly labeled their merchandise. Members of the trade may use such guaranties as a defense to charges of misbranding where the particular guaranty in question is authorized by the Commission.

Manufacturers and distributors may guarantee their merchandise as having passed reasonable and representative tests for flammability. Members of the trade who rely in good faith upon these guaranties are afforded certain protection against prosecution. Willful violations of the act, whether in placing; prohibited products on the market or in issuing a false guaranty, may be prosecuted by the Government as misdemeanors. Upon conviction, fines up to \$5,000 or 1 year's imprisonment, or both, may be imposed by the court.

Regulation of Insurance—Public Law 15, 79th Congress <sup>10</sup>

This act was passed by Congress after the Supreme Court had ruled that the insurance business is subject to Federal jurisdiction under the commerce clause of the Constitution.<sup>11</sup>

Under this statute, the Federal Trade Commission and the Clayton Acts apply to the business of insurance to the extent that it is not regulated by State law.

Lanham Trade Mark Act, approved July 5, 1946 <sup>12</sup>

This authorizes the Commission to proceed before the Patent Office for cancellation of certain trade-marks improperly registered or improperly used in competition, as provided in section 14 of this act.

Defense Production Act of 1950<sup>13</sup> and Small Business Act of 1953<sup>14</sup>

The former statute authorizes the Commission to make surveys at the request of the Attorney General to determine any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of to2iFess Actpomic TD 0 Tc ( ) Tj 3.12 0 TD -0.0014 Tc(former) Tj pow8 0 TD 2 Tc ( ) Tj 3 0 TD

## Other Laws

The Federal Trade Commission is also affected by other laws, including the Administrative Procedure Act and the Veterans' Readjustment Act.

## COMMISSIONERS

At the end of the fiscal year, June 30, 1954, the membership of the Commission was as follows:

Edward F. Howrey, Chairman, of Virginia, Republican.

Lowell B. Mason, of Illinois, Republican.

James M. Mead, of New York, Democrat.

Albert A. Calretta,<sup>15</sup> of Virginia, Democrat.

John W. Gwynne, of Iowa, Republican.

## STAFF REORGANIZATION AND OPERATIONAL CHANGES

On May 20, 1954, major changes in the organization and working procedures of the Commission, to become effective July 1, 1954, were announced. (Organization Chart on p. 20). These changes represented the first step in carrying out a reorganization plan recommended by an independent firm of management consultants. The survey was authorized by the Bureau of the Budget on October 9, 1953, as part of a program of management improvement to be carried out under Executive Order 10484. The management firm thereafter made an intensive management survey of the Commission organization and procedures.

The report and recommendations were adopted, with some exceptions, by the Commission on March 18, 1954.

The reorganization is based on functional lines of authority. Investigative activities are centered in a newly formed Bureau of Investigation, trial work in a Bureau of Litigation and voluntary consultative procedures in a new Bureau of Consultation.

The reorganization also sets up control procedure and provides for close supervision of field office investigative activities. Provision was made for the appointment of project attorneys in the Bureau of Investigation to supervise cases through entire course to enable top management to focus responsibility. Previously, responsibility for a case had been reassigned at various stages of its development, with no one attorney remaining continuously accountable.

Fieldof





to antimonopoly case work, the field offices were administratively responsible to the Director of Antideceptive Practices.

Procedures are being streamlined. The management survey had pointed out that reviews were compounded upon reviews as Commission procedures had developed during its 40 years of existence. Approximately half the procedural steps have been eliminated.

A system for time reports for professional personnel has been installed. Through this system, total hours devoted to each case and hours spent in any particular activity can be determined. Periodic reports are rmade on the status reviews sh Bro (11/24/04) printed by (10/13/07) Dj T

FEDERAL TRADE COMMISSION  
ORGANIZATION OF STAFF FUNCTIONS

ORGANIZATIONAL CHART -- SEE IMAGE

NUMBER OF EMPLOYEES AS OF JUNE 30, 1954--

JULY 1, 1954

20

## INVESTIGATION

---

Gathering and analysis of varied facts is required as a basis for administrative and corrective action by the commission under the laws which it administers. Therefore, investigations, particularly of alleged violations, form an essential part of the Commission's work. In addition, special investigations are undertaken to survey problems affecting competition or involving possible violations or the antitrust laws.

Investigations normally develop: (a) From complaints received from businessmen, consumers, trade groups, Members of Congress, and from other Government agencies, State or Federal; or (b) through systematic observation and analysis of trade and market conditions by the Commission's own staff.

These investigations seek the facts and their proper interpretation on: Alleged unfair methods of competition or unfair or deceptive acts or practices in violation of the Federal Trade Commission Act, alleged discriminatory practices in violation of section 2 of the Clayton Act, alleged exclusive dealing or tying arrangements in violation of section 3 of the Clayton Act, and alleged illegal mergers in violation of section 7 of the Clayton Act. Other investigational work grows out of the Commission's administration of the Export Trade Act, the Flammable Fabrics Act, section \* of the Clayton Act, and section 14 of the Trade Mark Act.

Matters presented for investigation are first subjected to thorough screening in order to weed out those lacking in jurisdictional or other essential elements, and to permit maximum use of the Commission's staff on matters of maximum importance from the standpoint of public interest;

Throughout the investigations, economic, marketing and accounting data from the Commission's records and technical and scientific advice from the staff and from other Government agencies are used. In addition, contact is made with the party complained against so that he may be advised of the charges, and to obtain information within his possession. Frequently it is also necessary to interview competitors or the proposed respondent as well as the general public to find out whether

the charges are well founded, and whether public interest warrants further action regarding the case.

Also, the investigative processes are utilized in the Commission's program for obtaining compliance with cease and desist orders, stipulations, trade practice conference rules, and in connection with pending litigation.

Law-enforcement investigational work carried on during fiscal 1954 is summarized below under the general headings: ( a ) Investigations of Monopolistic Practices; (b) Investigations of Deceptive Practices; (c) Administration of the Wool, Fur Products Labeling and Flammable Fabrics Acts; (d) Advisory Services Furnished By The Division of Accounting; (e) Advisory Services Furnished By The Division of Scientific Opinions; and (f) Insurance.

(a) Investigations of Monopolistic Practices

vTj 0 -28.8 TD /Bo-a TD 0u0.76 0 monopolisticD -0.063g aA.4 0 TD 0.001 Tc (rules,) Tj 28.r(irvTj

gasoline, milk, typewriters, citrus fruit, rubber products, canned goods, bakery products and household appliances.

Investigations also were made of exclusive dealing and tying arrangements under section of the Clayton Act. These related to such products as liquefied petroleum gas, roller bearings, dairy products, automotive parts and supplies, and toys. During the year, 22 such investigations were completed.

Also, of considerable importance were the investigations made, under section 7 of the Clayton Act, as amended in December 1950. This act provides, with certain qualifications, that no corporation shall acquire the capital stock or assets of another corporation where the effect may be substantially to lessen competition or tend to create monopoly. Acquisitions and mergers in industrial and commercial fields continued at a rapid rate and covered a wide range of industries and products. During the year, 331 investigations of such activities were completed. Products involved included textiles, chemicals, steel products, automobiles, household utensils, plumbing supplies, paper products, flour, and furniture.

Six trade-mark investigations were conducted to obtain information from which a determination could be made concerning the advisability of proceeding against proposed respondents for the cancellation of trade-marks pursuant to the authority conferred upon the Commission by section 14 of the Lanham Trade Mark Act of 1946.

Included in the total of completed matters was an extensive investigation of the optical manufacturing and distributing industry undertaken upon the request of the Attorney General of the United States to determine whether certain defendants were complying with respondents to

(b) Investigations of Deceptive Practices

Complaint letters received	2,631
Preliminary inquiries completed	2,592
Investigations completed	1,193
Assurances of discontinuance accepted	328

Investigations in this field are a basic part of the Commission's work directed toward protecting consumers and businessmen from deceptive and unfair practices in commerce. Typical practices are false and misleading advertising, and misbranding of merchandise.

The more important deceptive practice investigations completed during the year are reflected in formal complaints issued and cease-and-desist stipulations accepted. Every complaint and every stipulation is necessarily preceded by an investigation to develop facts upon which corrective action can be based.

The investigations encompass not only initial violations of the laws administered by the Commission, but also matters of compliance with previously issued cease-and-desist orders. Forty of the deceptive practice investigations completed during the fiscal year involved compliance with previously issued orders, looking to the institution of civil penalty proceedings where warranted.

Investigations in the deceptive practices field are frequently brought to conclusion by reason of prompt and voluntary discontinuance of questioned practices, where this method of disposition affords assurances against resumption and adequate protection of the public interest. These dispositions, where they can be appropriately effected, result in substantial savings to the Government through the prompt and voluntary discontinuance of questioned practices, where this method of disposition affords assurances against resumption and adequate protection of the public interest. These dispositions, where they can be appropriately effected, result in substantial savings to the Government through the prompt and voluntary discontinuance of questioned practices, where this method of disposition affords assurances against resumption and adequate protection of the public interest.

The total number of deceptive practice investigations completed during the year was 1,193.

The 2,592 preliminary inquiries also completed during the year represent the results of initial correspondence and screening to determine which of the matters presented were of a nature to require full investigation.

A total of 985 deceptive practice matters were pending for investigation at the year end.

(c) Administration of Wool, Fur and Flammable Fabrics Acts

	Flammable Fabrics Act	Wool Act	Fur Act
Commercial establishments covered in compliance inspection and industry counseling work -----	-----	5,998	2,571
Products inspected (sampling methods used on wool products) -----	-----	12,563,264	551,372
Number of fur advertisements examined for advertising deficiencies -----	-----	-----	12,993
Informal matters involving questioned practices in which compliance was effected administratively -----	-----	6,399	3,446
Opinions and interpretations rendered under each act and regulations -----	1,298	3,121	2,525
Registered identification numbers issued -----	-----	585	309
Continuing guarantees accepted for Public Register -----	70	1,446	978

The Wool Products Labeling Act and the Fur Products Labeling Act known respectively as the "Truth-in-Fabrics" and "Truth-in-Furs" laws, and the recently effective Flammable Fabrics Act, may be regarded as more directly in the field of consumer legislation. The foregoing table summarizes administrative activities under these laws during the fiscal year. Work under these statutes, which is similar in purpose and requirements, has been integrated as far as possible in an effort to minimize costs of administration.

The Wool Products Labeling Act (effective 1941) and the Fur Products Labeling Act (effective 1952) provide for mandatory labeling of wool and fur products to disclose certain important buying information about their composition and processing. Truthful invoicing of furs and fur products also is mandatory under the Fur Act and all advertising of furs and fur products likewise must conform with the disclosure requirements of the act and regulations.

The Flammable Fabrics Act (effective July 1, 1954) was designed by Congress to protect the consuming public from wearin





(d) Accounting Services Furnished in Legal Case Work

Accounting services were furnished in the investigation of 32 legal cases during the fiscal

annual premiums were received by companies selling policies on an individual, nongroup basis, and in this field especially advertising was widely used. Approximately 25 million persons had purchased individual policies. Twenty-five years before, only 50 companies were writing accident and health insurance by June 30, 1954, there were over 900 companies in the business.

The Commission's investigation in this field proceeded with excellent support from the insurance commissioners of the several States.

## LITIGATION BEFORE THE COMMISSION

Litigation before the Commission arises in cases which, after investigation, require mandatory legal proceedings to effect correction of violations of law by persons, partnerships or corporations. A formal statutory complaint stating the charges against the respondent forms the initial pleading in such cases. Issues are usually drawn by


Typical examples of cases litigated during or pending at the close of the year follow

**CASES OF FORMAL COMPLAINTS ISSUED IN FISCAL 1954**

Docket 6183, Casket

industry are

Docket 6224, Brooklyn Paint and Wallpaper Dealers, Inc., and others. Complaint issued June 29, 1954

The Commission instituted a proceeding in which nearly 200 paint and wallpaper dealers in the metropolitan New York area were charged with combination and conspiracy in restraint of trade. Under the complaint, it was charged the respondents have combined and agreed to hinder and restrain competition in the interstate sale and distribution of paint and wallpaper through the offices of a trade association in acting to boycott manufacturers and other suppliers who disregard requests of respondents that such manufacturers discontinue sales to certain competitors of respondents.

Docket 6180, Crown Zellerbach Corporation. Complaint issued February 15, 1954

The Commission, proceeding under section 7 of the Clayton Act, as amended, issued a complaint against the Crown Zellerbach Corporation of California. With assets of \$243,000,000 Crown is one of the largest manufacturers of pulp and paper in the world and the largest manufacturer of kraft papers and paper products in the Western States. The complaint alleged that Crown acquired the assets (valued at over \$15,000,000) of St. Helens Pulp and Paper Company, one of its two principal competitors in the sale of kraft papers and paper products in the Western States. According to the complaint, Crown's sales of kraft papers and paper products accounted for approximately 50 percent, St. Helens' sales accounted for approximately 20 percent, and that the only other important competitor, Longview Fiber Company, had sales accounting for approximately 15 percent of the total sales of such products in the three Pacific Coast States.

One of the principal results of this acquisition alleged in the t h 64(e)Tj 2.4(One) Tj 21.6 0 TD 0 I

other deceptive practices in violation of the Federal Trade Commission Act.<sup>1</sup>

Among other things, the complaint charged failure to disclose on labels or in advertisements or invoices the name of the animal producing the fur, in accordance with the Commission's rules and regulations the name of the country of origin of imported furs the fact that the products contained used fur that products were second-hand that products contained bleached, dyed or otherwise artificially colored fur or were composed in whole or in substantial parts of paws, tails, bellies or waste fur. Various forms of price representation, including fictitious pricing, were also charged.

Docket 6126, E. F. Drew & Company, Inc. Complaint issued October 26, 1953

This is one of several complaints that were brought under the 1950 amendment to section 15 of the Federal Trade Commission Act specifically prohibiting advertisements in which representations are "made or suggested" that oleomargarine is a dairy product.

The complaint against the E. F. Drew & Company charged that the use of the words "Farm Queen" is a trade name for the Drew Company's oleomargarine constituted a representation or suggestion that the product is a dairy product. Advertising claims challenged by the complaint also included such expressions as "country-fresh," "dairy sweet," "the same day-to-day freshness which characterize our other dairy products" and "churned to delicate sweet creamy goodness." Such terms as these, according to the complaint, "have long been used in connection with dairy products and have become firmly associated in the minds of many members of the purchasing public with dairy products."

Docket 6203, Holland Furnace Company. Complaint issued May 4, 1954

Holland Furnace Company was charged in a Commission complaint with unfair and deceptive practices in the sale of furnaces, heating equipment, and parts. The complaint charged that Holland&, salesmen and servicemen had obtained entry to homes sometimes by falsely representing themselves as Government inspectors, inspectors or representatives of gas or utility companies or heating engineers, and had dismantled furnaces without the owner's permission and then have refused to reassemble the m. These actions, according to the complaint, had been accompanied by false claims that furnaces made by com-

---

<sup>1</sup> On August 26, 1954, the Commission accepted an order consented to by the respondents which was an exact duplicate of the order asked by the Commission in its complaint.





Docket 5965, Anchor Serum Company. Order issued February 16, 1954

The Commission ordered Anchor Serum Company, one of the largest producers of anticholera hog serum, to cease and desist from using so-called full requirements contracts between itself and its customers in violation of section 3 of the Clayton Act. It is believed this action will substantially benefit the public as well as every farmer who raises hogs. The Commission found that Anchor had tied up numerous large purchasers of such products, including the Iowa Farm Serum Company, the Illinois Farm Bureau Serum Association, and the Missouri Farmers Association, Inc., by full requirements contracts under which the contracting buyers agreed to purchase all of their requirements of such products from Anchor. These provisions in the contracts were ordered eliminated by the Commission. In view of the fact that Iowa, Illinois, and Missouri constitute the largest hog-producing States in the United States and that the purchasers named are the largest buyers of serum and that the purchasers named are the largest buyers of serum and virus within such states, it appeared that a vast potential market had been foreclosed by Anchor to its competitors by such practices. The entry of the Commission's order to cease and desist would open this market to smaller serum producers.

Docket 5655, Dictograph Products, Inc. Order issued September 24, 1953

The Commission issued an order requiring Dictograph Products, Inc., from continuing the use of exclusive dealing arrangements in violation of section 3 of the Clayton Act. The Commission's findings in this matter disclosed that Dictograph had foreclosed approximately 220 independently owned and



The



rent year's model. Such terms could be used according to the order only if the year in which the sets were current models were disclosed.

Docket 5943, Tractor Training Service, and others. Order issued May 3, 1954

In an order directed against Tractor Training Service, a company engaged in the sale of a correspondence course on diesel engines and service equipment, the Commission prohibited, among other things, representations that there was a great demand for individuals completing the respondent's course of study on diesel engines or that their employment as diesel mechanics, service men, or in similar positions, would be assured that the respondent's working arrangements or other contracts with diesel engine manufacturers assured employment to individuals completing the course that students were afforded "on-the-job training" or "part-time employment" for which they were to be paid or from misrepresenting the earnings of individuals completing the course.

Docket 6102, Charles Antell Co., Inc., and others. Order issued December 18, 1953

The order issued by the Commission in this case prohibited false and misleading advertising of Charles Antell Formula No. 9, Charles Antell Shampoo and Hexachlorophene Soap. This order affected the advertising program of Charles Antell amounting to approximately \$8,000,000 annually. Among other things the order forbade claims that Formula No. 9 would prevent baldness or loss of hair; restricted claims concerning its lanolin content; banned advertisements representing that the hormone content of Charles Antell Shampoo had any cleansing action o

3s Antell

In addition to the above examples of orders issued in the fiscal year, two partners trading as Fisher &

## CEASE-AND-DESIST ORDER COMPLIANCE

This work of the Commission constitutes a crucial phase of the application of its mandatory law-enforcement powers. In 1947, a special division under the General Counsel was established to obtain compliance with orders to cease and desist, and to enforce such orders by initiating appropriate proceedings in the Federal courts when voluntary compliance could not be obtained.

During the fiscal year, steps were taken to revitalize this program to achieve an adequacy of the service commensurate with its importance. The program involved a follow-up of each cease-and-desist order issued by the Commission. These orders require the filing of a report of compliance stating in detail how objectionable business activities have been adjusted and revised to meet requirements of the order and the law.

When respondents do not voluntarily comply, civil suits are brought in the various United States district courts, seeking penalties for violations of the orders as provided by the statute. In Clayton Act cases, where there is no provision for the institution of penalty suits, once the order has been affirmed and enforced by one of the courts of appeals, proceedings for contempt are initiated for violations of court decrees.

Since the division was established, civil penalty judgments aggregating \$222,000 have been obtained.



practices violative of law. No investigation or examination had been made into the current state of compliance with such orders.

A basic function of the Commission—the stopping of monopolistic evils in their incipiency and adequate regulation and preservation of competition—cannot be achieved to any satisfactory degree, other than by systematic and intelligent attention to full compliance with its orders to cease and desist. Accordingly, on June 10, 1954, the Commission approved the recommendations of a special committee, appointed September 1953, calling for systematic and selective review screening and proper enforcement. It proposed to give highest priority to compliance work. This survey has been begun and a pattern established for screening procedures to coordinate necessary attention, not only to these orders, but to some 8,000 stipulations and 190 sets of trade practice conference rules, to assure uniformity in the requirements imposed on respondents. Supplemental reports of compliance on old orders were being requested at a rate of approximately 100 a month.

During the fiscal year 1954, attention was given to 857 compliance matters: "Matters" consist of (a) reports of compliance for processing (b) complaints of alleged violations of orders (c) conference and opinions regarding compliance and (d) initiating and processing preliminary inquiries into compliance.

## ANTIMONOPOLY COMPLIANCE CASES

During the year, 249 reports of compliance with orders against restraint of trade, monopolistic tendencies, and discriminatory practices were processed. Illustrative of their variety and scope was one relating to bakery packaged food products, terminating price discrimination by the largest manufacturer, whose production represents about 50 percent of the entire output in the industry another relating to canned Alaska salmon, prohibiting price-fixing activities among 41 canning companies, their trade association and 8 labor unions whose membership included salmon fishermen another relating to dental supplies, directed against a conspiracy in restraint of trade among a trade association and its 144 members who controlled 75 percent of the Nation

N1Tc (price-)1

facturers who operate 25 plants, or about one-third of such plants operating in the United States, for the manufacture and distribution of clay sewer pipe, an important item in modern building construction and community development.

### DECEPTIVE PRACTICE COMPLIANCE CASES

During the year 344 reports of compliance were processed in cases dealing with practices found to be false, misleading and deceptive. Also, 174 complaints of violation of orders were reviewed and appropriate action taken. Orders relating to wool products, lotteries, medicinal preparations, correspondence schools and household appliances were among those receiving consideration.

### ADVERTISING TASK FORCE

To facilitate checking up on compliance with orders, stipulations and rules relating to advertising, a special "task force" of attorneys was designated. The mission of this unit was to examine national and regional advertising by respondents subject to orders, stipulations, and rules.

### COMPLIANCE CASES IN FEDERAL COURTS

0.00t0000.00 During the year one penalty complaint was filed in U. S. n9I.r4y(1488i0,47236 TD of Tc (30) p.04:6

(5) U. S. v. Lady Carole Coats, Inc., et al. (S. D. N. Y.). Judgment of \$1,000 entered February 4, 1954, for failure to keep records as provided by the Wool Products Labeling Act and the entry of a mandatory injunction compelling the keeping of such records.

There were pending in the various United States District Courts as of June 30, 1954, civil penalty suits in the following cases based on the alleged violations indicated:

(1) U. S. v. Standard Education Society, et al. (N. D. Ill.). Violation of an order prohibiting false representations of encyclopedias.

(2) U. S. v. United Diathermy, Inc. (S. D. N. Y.). Violation of an order prohibiting misrepresentations the therapeutic benefits of a diathermy device.

(3) U. S. v. Purofied Down Products Corp., et al (E. D. N. Y.). Violation of an order requiring labeling disclosure of used or second-hand feathers contained in pillows.

(4) U. S. v. Edward Towenthal (N. D. Ill.). Violation of an order directed against the use of misleading "skip trace" materials for obtaining credit information concerning alleged delinquent debtors.

(5) U. S. v. Coradio, Inc., et al. (D. C. N. J.), supra.

## COURT PROCEEDINGS

The court proceedings reported in this chapter are cases in the Federal courts to which the Federal Trade Commission was a party. For the most part, these proceedings arise upon appeal from Commission cease-and-desist orders. Cases decided or pending in court during the fiscal year,

the case be placed on the calendar for rebriefing and reargument. By its order of May 19, 1953, the court acceptc o u r t

lated practices by the several companies and prohibiting further acquisitions of competitors by National Lead Company and also prohibiting each company, individually from discriminating in price in violation of section 2 of the Clayton Act, all with respect to lead pigments.

Whitey & Company, Seattle, Wash. Pending in the United States Court of Appeals for the Ninth Circuit on application by the Commission for enforcement of its order prohibiting the payment of brokerage in violation of section 2 (c) of the Clayton Act. The order was affirmed by the court and the case remanded to the Commission to act as special master and take evidence on the question of violation, and report to the court.

tof            application

was remanded on motion of the Commission. In addition, the Commission joined in one and consented to another motion for modification of final decrees in two "free goods" cases previously affirmed by the courts. One of these motions was granted by the court, and the other was pending at the end of the fiscal year.

## Decisions

Cases in which the Commission's orders were affirmed and enforced without change are:

Am

Four cases were dismissed by United States courts of appeals, as follows:

Bostwick Laboratories, Inc., Bridgeport, Conn. Second Circuit (New York). False and misleading advertising of insecticides. Petitioner failed to prosecute his appeal, and the matter was dismissed.

Infra-Insulation, Inc., et al., New York, N. Y. District of Columbia Circuit (Washington). Disparagement of competitive products and false and misleading representations in the sale of reflective aluminum insulation. Petitioners had settled the proceeding before the Commission by agreeing to a consent order to cease and desist. The Commission filed motion to dismiss the petition to review, and petitioners by stipulation agreed to the dismissal.

Harry Augen (Graphited Lubricants Company) and Livingston Automotive Supply Company, Inc., et al., both of Brooklyn, N. Y., Second Circuit (New York). These were separate petitions to review an order to cease and desist issued against a number of respondents in Tungsten Contact Manufacturing Company, et al., involving alleged passing off of automobile ignition points as products of well-known suppliers. The Commission moved the court to vacate the order to cease and desist in these matters and to remand them to the Commission for further consideration. The court vacated the order, but denied remand.

Two cases were remanded by United States courts of appeals, as follows:

Philip Morris & Co., Ltd., Inc., New York, N. Y. District of Columbia Circuit (Washington). False and misleading advertising claims concerning "Philip Morris" cigarettes. The court granted motion of the Commission to set aside the order to cease and desist and remand the proceeding for reconsideration and such disposition as is warranted by the facts, the law, and the public interest and, pursuant to this remand, hearings were held by the Commission.

The New Library of World Literature, Inc., et al., New York, N. Y. Second Circuit (New York). Misrepresentation through failure to disclose abridgment or change of title of reprints of previously published books. Though agreeing as to deceptiveness of the practice, the Court held that portion of the order respecting placement of the disclosure not supported by necessary evidence and findings, and reversed the order and remanded the cause to the Commission for further proceedings.

Progress Tailoring Company, et al., Chicago, Ill. The Commission and petitioner joined in a motion to the Seventh Circuit (Chicago) to modify the final decree to accord with the Commission's new "free goods" policy as delineated in the Walter J. Black case. The court granted the motion and modified the decree accordingly.



## Pending Cases

American Tack Company, New York, N. Y. Second Circuit (New York), supra. Awaiting expiration of time during which petitioner may apply for writ of certiorari.

Astor Industries, Inc., et al., New York, N. Y. Second Circuit (New York). Failure to disclose foreign origin of sewing machine heads and unfair and deceptive practices in the use of brand or trade name.

Carter Products, Inc., New York, N. Y. Ninth Circuit (San Francisco), supra. Following remand, the Commission reopened this proceeding for the taking of further testimony pursuant to the remand.

Dolcin Corporation, et al., New York, N. Y. District of Columbia Circuit (Washington). False advertisements of "Dolcin," a medicinal product offered for arthritic and rheumatic conditions.

Doris Stavitch, et al. (Personal Drug Company), New York, N. Y. Second Circuit (New York). False advertisements of drug products "Quick-Kaps" and "D-Lay Capsules."

James H. Sewell (Burns Cuboid Company), Santa Ana, Calif. Ninth Circuit (San Francisco). False advertisements of "Cuboids," a device for insertion in shoes for relief of various foot conditions.

Joseph Rosenblum, et al. (Modern Manner Clothes), New York, N. Y. Second Circuit (New York). Pending on motion to vacate the final decree in accord with the Commission's new "free goods" policy as delineated in Walter J. Black case.

Marlene's, Inc., et al., Chicago, Ill. Seventh Circuit (Chicago). False and misleading advertisements of a weight-reducing tablet designated "Mynex."

The New American Library of World Literature, Inc., et al., New York, N. Y. Second Circuit (New York), supra. Pending on remand from the court.

Philip Morris & Co., Ltd., Inc., New York, N. Y. District of Columbia Circuit (Washington), supra. Pending on remand from the court.

Perry Halseth (Perry Sales Company), Chicago, Ill. Seventh Circuit. Sale of merchandise by means of lottery devices.

Seymour Sales Company, et al., Chicago, Ill. District of Columbia Circuit. Sale of merchandise by lottery methods and of merchandise lottery devices in interstate commerce.

Standard Distributors, Inc., Chicago, Ill. Second Circuit (New York), supra. Pending expiration of period within which petition for certiorari may be filed.

Tractor Training Service Circuit (San Francisco). False and misleading representations in advertis-

ing in correspondence study course in diesel engines and heavy equipment.

In the United States District Courts

F.T.C. v. Mahler's, Inc., et al. On April 3, 1954, the United States District Court for the District of Rhode Island denied an application filed by the Commission seeking a temporary injunction to restrain of certain alleged false advertisements of Mahler's, Inc., of Providence, R. I., pending final determination of the Commission's cease-and-desist order proceeding. The advertising in question was disseminated in the sale of an electrolysis device for the removal of superfluous hair from the human body. The court action for temporary injunction pendente lite was brought by the Commission in the public interest under section 13 of the Federal Trade Commission Act.

NOTE.—For suits brought by the United States to assess civil penalties for violation of Federal Trade Commission cease-and-desist orders, see compliance matters on page 42.

## COOPERATION WITH INDUSTRY

### AIDING BUSINESS TO AVOID UNFAIR COMPETITIVE METHODS

Extensive services are provided by the Commission to aid and guide business in avoiding and preventing the use of methods, practices or arrangements which violate the laws administered by the Commission. These services undertake to encourage, as far as practicable, proper voluntary action on the part of business to keep its own house in order by preventing the inception or growth of trade practices harmful to the public interest.

During the fiscal year, these services continued to be performed through the Commission's Bureau of Industry Cooperation, including its industry Trade Practice Conference proceedings and the stipulation work.<sup>1</sup> Under the industry conference procedure, rules of fair-trade practices are established by the Commission for respective industries. Through the stipulation procedure, agreements to cease and desist are negotiated on a voluntary basis to effect correction of alleged unfair practices in specific cases where protection of the public interest may be fully achieved without the necessity of formal litigation.

### TRADE PRACTICE CONFERENCES

The Commission's trade practice procedure for industry is an established, successful, and economical method of preventing and eliminating unfair trade practices.

To obtain maximum voluntary observance of law on an industrywide basis, trade practice conference proceedings are conducted by the Commission for industries in cooperation with their members.

---

<sup>1</sup> On July 1, 1954, the "Bureau of Industry Cooperation" became the "Bureau of Consultation" and a new Division, namely, the Division

relief encompassed within the objectives of the Federal Trade Commission Act, the Clayton Act, and other statutes administered by the Commission.

These culminate after hearing and consideration in the establishment of trade practice rules clarifying the requirements of laws administered by the Commission. Rules are revised or supplemented when necessary for accuracy of interpretation of legal requirements and adequacy of coverage of practices engaged in,

After the conference, the Commission's staff studies the industry recommendations and relevant information, and submits for Commission consideration a draft of proposed rules which, if considered by the Commission to be in appropriate form, are released for public hearings. Notice of the time and place of such hearing is published in the Federal Register and mailed to known industry members, with a copy of the proposed rules. Copies of the proposed rules are also made available to other interested persons, including consumers.

After the hearing, and after considering the entire matter, the Commission may approve and direct the promulgation of trade practice rules for tire industry. The rules become effective on a specified day, usually 30 days after the date of promulgation, and are published in the Federal Register. Copies are sent to each member of the industry accompanied by an acceptance card which the member may use to signify his intent to comply with the rules in his business.

Trade practice rules promulgated for an industry may be wholly of the Group 1: classification, or may also include

## Conference Proceedings

Number pending July 1, 1953	30
New proceedings instituted	30
-----	
Total pending proceedings	60
Disposition effected (July 1, 1953, to June 30, 1954):	
Closed	5
New industries for which trade practice rules were promulgated	4
Industries for which trade practice rules were revised and promulgated	2
-----	
Total proceedings disposed of	11
Total trade practice proceedings pending June 30, 1954	49
Formal trade practice conferences held	10
Formal public hearings held	13
Informal conferences held	497

The Commission, during the fiscal year ending June 30, 1954, promulgated sets of trade practice conference rules for the Industrial Bag and Cover Industry, Hearing Aid Industry (revision), Millinery Industry, Portrait Photograph Industry, Cedar Chest Manufacturing Industry (revision), and Photoengraving Industry of the Southeastern States.

Included among the 60 pending proceedings which were advanced during the year are those for the Wholesale Plumbing and Heating Industry, Orthopedic Appliance Industry, Chemical Soil Conditioner Industry, Radio and Television Industry, Nursery Industry, Tobacco Smoking Pipe and Holder Industry, Watch Attachment Industry, Athletic Goods Industry, Medium and Low-Priced Jewelry Industry, Diamond Industry Waterproof Paper Industry, and Fire Extinguishing Industry.

## Administration of Trade Practice Conference Rules

The Commission maintains close liaison with industries for which trade practice rules have been established and put into effect. It endeavors to obtain the highest degree of voluntary and Appl Pipe Industry,



Compliance matters pending July 1, 1953	-----	203
New compliance matters initiated during year	-----	697
		-----
Total for disposition	-----	900
Dispose of during year	-----	722
		-----
Pending June 30, 1954	-----	178

The disposition of 722 compliance matters during the year was accomplished mostly through cooperative compliance.

The rules for a number of industries received special administration and compliance attention. Included in such group were the following:

PEARL, CULTURED PEARL AND IMITATION PEARL INDUSTRY: Fictitious pricing of cultured pearls and the failure of importers to label imitation pearls as to foreign origin are among the unfair practices in this industry which the Commission undertook to eliminate through administrative compliance activities.

LUGGAGE

## Stipulations

The stipulation procedure provides an informal settlement of cases before complaint. Under this procedure, persons charged with law violation are afforded an opportunity to present information pertinent to the charges and to enter into an agreement to discontinue those practices shown by the facts to be unlawful. Thus, through voluntary, cooperative action, the statutory objective is accomplished quickly and without the need for formal litigation.

## Stipulation Procedure

When a case is referred for stipulation negotiations, the respondent is notified and given statement of the alleged unlawful acts or practices in question. He is asked to reply within a specified time. He may reply in writing or confer with a Commission representative, either in person or through counsel or other authorized representation (106 conferences were held during the fiscal year).

If, as result of correspondence or conference, a stipulation is negotiated, it is submitted to the Commission

A manufacturer of contact lenses agreed to stop representing that anyone who requires glasses can be fitted with such lenses and that they are safer and cost no more than

ments and, if not, to initiate prompt corrective action This survey which was a part of the Commission's integrated compliance program, began to produce constructive results by the close of the year.

## EXPORT TRADE ACT ADMINISTRATION

This phase of the Commission consists largely in encouraging business to take proper advantage of the law for promoting exports.

During the fiscal year, a complete reevaluation was undertaken of the construction phase of the program. This was done in order to determine the extent to which the program was being carried out in accordance with the provisions of the Act. It was found that the program was being carried out in accordance with the provisions of the Act, but that there was a need for a more comprehensive program of supervision and control. It was recommended that the program be expanded to include a more comprehensive program of supervision and control, and that the program be carried out in accordance with the provisions of the Act.




involved from the frame of reference. The tests in a merger case under amended section 7 of the Clayton Act might be quite different

section 7 of



Government in cooperation with the Securities and Exchange Commission. A report, published quarterly, provides estimates for 46 items of income, expense, assets, liabilities, and stockholders equity for all United States manufacturing corporations. The data are broken down into seven asset sizes of manufacturing corporations and 23 groups of manufacturing industries.

The data provided in this series of reports were used extensively throughout the Government as a basis for administrative decisions and formulation of policy, as well as being utilized by industry executives:

1. To measure efficiency by comparing a company's operating results with the average performance of companies in the same line of business;
2. To determine whether to undertake new ventures by comparing the profitability of

Comparison of prewar and postwar profit rates.—The sixth in the series of reports comparing prewar and rates of return, after taxes, for identical companies in 25 industrial groups was published on March 31, 1954. This report compared profit rates for the years 1947-52 with the prewar year 1940.

The report shows that profits in relation to stockholders' investment were higher in 1952 than in the prewar year 1940 in 14 of the 25 industries; but returns were lower in 1952

The 1950 data for individual industries prepared for the Commission by the Bureau of the Census, and the 1947 data were prepared by the same agency for the Committee on the Judiciary of the House of Representatives. Changes in the definition of industries were found not to affect appreciably the measures of concentration in manufacturing as a whole, but they


liquors, cooperage, metal barrels, cottonseed-oil mills and window shades. The industries studied in which concentration declined were the cutting tools, jigs and fixtures industry, the products of purchased glass industry, the abrasive products industry, the margarine industry, the needles, pins and fasteners industry and the motorcycles and bicycles industry.

This report is the latest published in the Commission's series of economic reports bearing directly or indirectly upon the concentration of American industry. Different measures may be used to ascertain the degree of concentration—assets, plant establishments, number of employees, and so forth. It has been the Commission's intent to prepare reports which will outline and analyze the degree of concentration. using all available measures.

Previous to the fiscal year 1954, six reports in the foregoing series on concentration have been published as follows:

1. The concentration of production in the iron and steel industry, 1929-1952. (Economic Report No. 1, 1953)

percentage of stock interest held by the corporations in each of their subsidiaries and affiliates.

In addition to these reports on concentration, the Commissions economic staff was at the years end working on another report touching concentration scheduled for publication during fiscal 1965. This report was designed to provide more precise information on corporate industry patterns of production. The report will be based on the 1950 operations of the 1,000 largest manufacturing corporations and will have three main topics:

1. The general position of the largest manufacturing companies.
2. Concentration of production in particular fields of manufacture.
3. The diversity of the activities of the largest manufacturing companies.

Tabulations will show diversity of manufacturing activities of the largest companies, concentration of production in particular areas, and comparisons of the position of the largest manufacturing companies.

Coffee price investigation.—At the end of the year, the Commission was preparing for publication the results of its investigation of coffee prices.<sup>1</sup> This study was initiated in January 1954,

actrag6 Ttail roas( ) results of it from \$ns91 TD 0 -02 0 TD 0 Tc n.—A

(1) The inadequacy of present crop reporting systems in coffee-growing countries which permitted other forces to operate on price.

(2) Activities

It also found that the price spiral could not be explained in terms of increased world demand. For the several years previously, per capita consumption in the United States had declined in the face of rising prices, a fact; offset by increased consumption in Western Europe. However, the study showed that per capita consumption in Europe had just about regained its pre-World War II level, and unlikely thereafter that it could increase sufficiently to offset the reduction in United States consumption that would result from current high prices. On the contrary, nearly all Western European countries except Western Germany anticipated reductions in consumption following the price increases.

As result of this investigation, the Commission recommended Congress enact legislation designed to remedy the following market imperfections:

- (1) The narrowness of the futures contract.
- (2) The inadequacies of basic marketing information.
- (3) The trading irregularities, consisting of unpoliced passouts, ex-pit transactions, and breaches of broker-customer confidential relationships.

It was further recommended that Congress appraise the adequacy of margin requirements against the facts developed in the report.

In view of the complexities of the coffee market, however, it was recommended that Congress take action in providing these remedies only after appropriate committee hearings at which representatives of the coffee trade, the New York Coffee and Sugar Exchange, and the Commodity Exchange Authority be heard.

On the matter of contracts, there appeared to be no unanimity of opinion, or even an overwhelming majority opinion, in the coffee trade that any particular contract yet devised would incorporate the features necessary for the desired broadening of the basis of trade. Coffee, because of its taste and other attributes, is a heterogeneous commodity. Hence, while the contract can easily be broadened much study will be required before it can be broadened enough to create properly competitive futures market. Nevertheless, the adoption of a satisfactory contract should be made mandatory. The contract must be made attractive to the entire trade, and if conflicts exist the needs of those who use the exchange for hedging should be preferred over those who use it for speculation.

Moreover, since coffee is produced outside the political jurisdiction of the United States, an adequate crop reporting system requires cooperation by the coffee-producing countries. The fundamental problem of inadequate and sometimes misleading market information cannot be easily or unilaterally solved. As a first step, it was recommended that the Congress provide for increases in the staffs of United

States agricultural reporting officers stationed at embassies in the principal coffee-producing countries.

Aside from new legislation certain of the irregularities and restraints might perhaps be remedied through Federal Trade Commission or judicial action which is receiving consideration.

In conclusion, the report points out that while removal of the market restraints, imperfections, and irregularities would probably prevent in the future such excessive coffee price movements as the price spiral of 1953-54, such action would not make the coffee market freely competitive. The supplies of coffee, and the price at which these supplies move to market, are affected by minimum export prices, domestic price supports, exchange regulations, and other policy measures of the coffee-growing countries. However, these patently lie beyond the judicial and legislative powers of the United States Government.



## SPECIAL STATUTORY FUNCTION

---

### DEFENSE PRODUCTION ACT AND SMALL BUSINESS ACT OF 1953

Under section 708 of the Defense Production Act of 1950, the President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging voluntary agreements and programs to further the objectives of the act. It is further provided that no act, or omission to act, if requested by the President pursuant to a voluntary agreement or program approved thereunder and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act. Copies of such requests must be furnished to the Attorney General and the Chairman of the Federal Trade Commission. In authorizing the President to delegate to certain officials his authority under section 708 (b) relating to exemptions from the antitrust laws and the Federal Trade Commission Act, the statute provides that such officials must consult with the Attorney General and the Chairman of the Federal Trade Commission before making any request or finding under the exemption proviso.

When defense agencies have matters coming within the scope of section 708 of the Defense Production Act, copies of the restrictive proposals are submitted to the Attorney General and the Chairman of the Federal Trade Commission. Through interagency staff consultation, the matters involved are explored and a basis is established for the clearance provided in the act. Before such clearance is granted, the matters are examined with the view, so far as possible, without interference with the defense effort, of minimizing factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power.

Under provisions

## APPROPRIATIONS AND FINANCIAL OBLIGATIONS

---

### FUNDS AVAILABLE FOR FISCAL YEAR

Funds appropriated to the Commission for fiscal year 1954 amounted to \$4,053,800 (Public 176, 83d Cong.), approved July 31, 1953.

### OBLIGATIONS BY ACTIVITIES FISCAL YEAR 1954

1. Antimonopoly:	
Investigation and litigation -----	\$1,545,397
Economic. and financial -----	326,487
2. Deceptive practices:	
Investigation and litigation -----	1,039,549
Trade practice conferences -----	218,951
Wool, fur, and flammable fabrics enforcement -----	268,368
Lanham Act and insurance -----	34,103
3. Executive direction and management -----	363,256
4. Administration -----	249,855
	4,095,966
Total -----	4,095,966

### OBLIGATION BY OBJECTS, FISCAL YEAR 1954

Personal services -----	\$3,763,512
Travel -----	120,906
Transportation of things -----	545
Communication services -----	46,692
Rents and utility services -----	13,438
Printing and reproduction -----	10,644
Other contractual services -----	40,650
Supplies and materials -----	41,564
Equipment -----	7,950
Refunds, awards, and indemnities -----	87
	4,045,966
Total -----	4,045,966

## SETTLEMENTS MADE UNDER FEDERAL TORT CLAIMS ACT

In reference to section 404 of the Federal Tort Claims Act, the following report, is made:  
During the fiscal year 1954 the Commission paid no claims nor were any claims pending.

### APPROPRIATIONS AND OBLIGATIONS

Appropriations available to the Commission for the past 3 fiscal years and obligations for the same period, together with the unobligated balances, are shown in the table below. The table also lists the number of employees as of June 30 of each year.

Year	Number of employees	Nature of appropriations	Appropriations	Obligations	Balance
1952	672				
1953	642				
1954	596				

596 — 1953OPRI Ae

## APPENDIXES

### Federal Trade Commissioners— 1915–54

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar. 16, 1915–Mar. 18, 1918
Edward N. Hurley	Illinois	Mar. 16, 1915–Jan. 31, 1917
William J. Harris	Georgia	Mar. 16, 1915–May 31, 1918
Will H. Parry	Washington	Mar. 16, 1915–Apr. 21, 1917
George Rublee	New Hampshire	Mar. 16, 1915–May 14, 1916
William B. Colver	Minnesota	Mar. 16, 1917–Sept. 25, 1920
John Franklin Fort	New Jersey	Mar. 16, 1917–Nov. 30, 1919
Victor Murdock	Kansas	Sept. 4, 1917–Jan. 31, 1924
Huston Thompson	Colorado	Jan. 17, 1919–Sept. 25, 1926
Nelson B. Gaskill	New Jersey	Feb. 1, 1920–Feb. 24, 1925
John Garland Pollard	Virginia	Mar. 6, 1920–Sept. 25, 1921
John F. Nugent	Idaho	Jan. 15, 1921–Sept. 25, 1927
Vernon W. Van Fleet	Indiana	June 26, 1922–July 31, 1926
Charles W. Hunt	Iowa	June 16, 1924–Sept. 25, 1932
William E. Humphrey	Washington	Feb. 25, 1925–Oct. 7, 1933
Abram F. Myers	Iowa	Aug. 2, 1926–Jan. 15, 1929
Edgar A. McCulloch	Arkansas	Feb. 11, 1927–Jan. 23, 1933
Garland S. Ferguson	North Carolina	Nov. 14, 1927–Nov. 15, 1949
Charles H. March	Minnesota	Feb. 1, 1929–Aug. 28, 1945
Ewin L. Davis	Tennessee	May 26, 1933–Oct. 23, 1949
Raymond B. Stevens	New Hampshire	June 26, 1933–Sept. 26, 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–Feb. 17, 1952
Robert E. Freer	Ohio	Aug. 27, 1935–Dec. 31, 1948
Lowell B. Mason	Illinois	Oct. 15, 1945–
John Carson	Michigan	Sept. 28, 1949–Mar. 31, 1953
James M. Mead	New York	Nov. 16, 1949–
Stephen J. Spingarn	New York	Oct. 25, 1950–Sept. 25, 1
Albert A. Carretta	Virginia	
Edward F. Howrey	Virginia	
John W. Gwynne	Iowa	
Robert T. Secrest	Ohio	

## Statutes Pertaining to the Federal Trade Commission

The authority and powers of the Federal Trade Commission in the main are drawn from the following statutes:

1. Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717), and subsequently amended as indicated below.
2. Clayton Act, sections 2, 3, 7, 8 and 11, approved October 15, 1914 (38 Stat. 730, 731, 732), amended as indicated below.
3. Webb-Pomerene Export Trade Act, approved April 10, 1918 (40 Stat. 516).
4. Wheeler-Lea Act, approved March 21, 1938 (52 Stat. 111), amending the Federal Trade Commission Act.
5. Robinson-Patman Act, approved June 19, 1936, and amendment thereto approved May 26, 1938 (49 Stat. 1526; 52 Stat. 446), revising and extending section 2 of the Clayton Act.
6. Wool Products Labeling Act of 1939, approved October 14, 1940 (54 Stat. 1128).
7. Public Law 15, 79th Congress, approved March 9, 1945, "An Act to express the intent of the Congress with reference to the regulation of the business of insurance" (59 Stat. 33).
8. Lanham Trade Mark Act, approved July 5, 1946 (60 Stat. 427).
9. Oleomargarine Act, approved March 16, 1950, amending Section 5 of the Federal Trade Commission Act respecting civil penalties, and section 15 respecting misleading advertisement of oleomargarine or margarine (64 Stat. 20).
10. Public Law 899, 81st Congress, approved December 29, 1950, the so-called antimerger legislation, amending and extending section 7 of the Clayton Act (64 Stat. 1125).
11. Fur Products Labeling Act, approved August 8, 1951 (65 Stat. 175).
12. Flammable Fabrics Act, approved June 30, 1953 (67 Stat. 111), and amendment approved August

23, 1954 (68 Stat. 770).

## General Investigations by the Commission, since 1915

Since its establishment in 1915, the Federal Trade Commission has conducted numerous general inquiries which are alphabetically listed and briefly described in the following pages. They were made at the request of the President, the Congress, the Attorney General, Government agencies, or on motion of the Commission pursuant to the Federal Trade Commission Act.

Reports on these inquiries in many instances have been published as Senate or House documents or as Commission publications. Printed documents, unless indicated as being out of print,<sup>2</sup>unless t-g2n



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.<sup>4</sup> (See also under Farm Implements and Independent Harvester Co.)  
Agricultural Income



under the general title, Chain Stores, 1931–33, see F. T. C. Annual Report, 1941, p. 201.)

In the Final Report Investigation (S. Doc. 4, 79th, 110 p., o. p., 12/14/34), legal remedies available to combat monopolistic tendencies in chain-store development were discussed.<sup>7</sup> The Commission's recommendations pointed the way to subsequent enactment of the Robinson-Patman Act (1936) prohibiting price and other discriminations, and the Wheeler-Lea Act (1938) which amended the Federal Trade Commission Act so as to broaden the prohibition of unfair methods of competition in section 5 to include unfair or deceptive acts or practices in interstate commerce.

Cigarette Shortage (F. T. C. and Senate Interstate Commerce Committee Chairman), Wartime, 1944-45.—In response to complaints from the public and a request from the Chairman of the Senate Interstate Commerce Committee (letter dated 12/1/44), the Commission investigated the cigarette shortage and reported among other things that the scarcity was directly traceable to the large volume of cigarettes moving to the armed forces and the Allies; that it was not attributable to violations of laws administered by the Commission; but that certain undesirable practices such as hoarding and tie-in sales had developed. (Report of the F.T.C. on the Cigarette Shortage, 33 pages, processed, 2/13/45.)

Coal (Congress and F. T. C.), Wartime, 1917-18, Etc.—From 1916 through the first World War period and afterward, the Commission at different times investigated anthracite and bituminous coal prices and coal industry's financial condition. Resulting cost and price reports are believed to have substantially benefited the consumer. Among the published reports were: Anthracite Coal Prices, preliminary (S. Doc. 19, 65th, 4 p., o. p., 5/4/17); Preliminary Report by the F. T. C. on the Production, and Distribution of Bituminous Coal (H. Doc. 152, 85th, 8p., o. p., 5/19/17); Anthracite and Bituminous Coal Situation, summary (H. Doc. 193, 65th, 29 p., o. p., 6/19/17); and Anthracite and Bituminous Coal (S. Doc. 50, 65th, 420 p., o. p., 6/19/17)—pursuant to S. Res. 217, 64th 2/22/16; H. Res. 352, 64th, 8/18/16, and S. Res. 51, 65th, 5/1/17); Washington, D.C., Retail Coal Situation (5p., release, processed, o. p., 8/11/17)—pursuant to F. T. C. motion; Investment and Profit in Soft-Coal Mining (two parts, 5/31/22 and 7/6/22, 218 p., o. p., S. Doc. 207, 65th)—pursuant to F. T. C. motion; and Report of the F.T.C. on Premium Prices of Anthracite (97 p., o. p., 7/6/25)—pursuant to F. T. C. motion.

Coal, Cost of Production (F. T. C.), Wartime, 1917-18.—President Wilson fixed coal prices by Executive order under the Lever Act (1917) on the basis of information furnished by the Commission. For use of the U. S. Fuel Administration in continuing price control, the Commission compiled monthly cost production reports, collecting cost records for 1917-18 for about 99 percent of the anthracite and 95 percent of the bituminous coal production (Cost Reports of the F. T. C.— Coal, 6/30/19, summarized for principal coal-producing States or regions: (1) Pennsylvania, bituminous, 103 p., o. p.; (2) Pennsylvania, anthracite, 145 p., o. p.; (3) Illinois, bituminous, 127p., o.p.; (4) Alabama, Tennessee, and Kentucky, bituminous, 210 p., o. p.; (5) Ohio, Indiana, and Michigan, bituminous, 288 p.,o.p., (6) Maryland, West Virginia, and Virginia, bituminous, 286 p.,o.p.; and (7) trans-Mississippi States, bituminous, 459 p.,o. p.).

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

---

<sup>7</sup> See footnote 4, p. 79.

prevent the calling for the monthly reports (denied about 7 years later) led to their abandonment.

Coffee (F.T.C.).—In its 1954 Economic Report of the Investigation of Coffee Prices, the Commission reported that the coffee price spiral of 1953-54 “cannot be explained in terms of the competitive laws of supply and demand.” The report lists and discusses six major factors responsible for the price spiral, and recommends Congressional action to correct some of the “market imperfections” and “irregularities” found. (523 pp., 7/30/54.)

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.258, 66th, 7p., o.p., 3/18/20).

Concentration in Manufacturing, Changes in, 1935 to 1947 and 1950 (F.T.C.).—This 153-page report shows that,

o.p., 11/29/24), recommending further development of cooperation in the United States.

Cooperative Marketing (Senate).—This inquiry (S. Res.34, 69th, 3/17/25) covered the development of the cooperative movement in the U.S. and illegal interferences with the formation and operation of cooperatives; and a comparative study of costs, prices, and marketing methods (Cooperative Marketing, S> Doc 95, 70th, 721 p., o.p., 4/30/28).

Copper.—See Wartime Cost Finding, 1917-18.

Copper Industry (F.T.C.).—The Commission's report on

Corporation Reports.—See Quarterly Financial Reports.

Corporate Mergers and Acquisitions (F. T. C.).—To determine the impact on the Nation's economy of corporate mergers and acquisitions, the Commission made a study of the merger movement for the years 1940 -46 inclusive. The results of the study were transmitted to Congress in a report entitled The Present Trend of Corporate Mergers and Acquisitions (23 p., o. p., 3/7/47), which showed, among other things, that during the period covered, more than 1,800 formerly independent competitive firms in manufacturing and mining industries alone had disappeared as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only three industries, food, nonelectrical machinery, and textiles and apparel—all predominantly "small business" fields. (See also Mergers.)

Cost Accounting.--See Accounting Systems.

Cost of Living (President), Wartime, 1917-18.—Delegates from the various States met in Washington, April 30 and May 1, 1917, at the request of the Federal Trade Commission, and considered the rapid rise of wartime prices and the plans then being made for the Commission's general investigation of foodstuffs. [See Foods (President), Wartime, 1917-18, herein.] Proceedings of the conference were published (High Cost of Living, 119 p., o. p.).

Cotton Industry. - -See Textiles.

Cottonseed Industry (House).—Investigating alleged price fixing (H. Res. 439, 69th, 3/2/27), the Commission reported evidence of cooperation among State associations, but no indication that cottonseed crushers or refineries had fixed prices in violation of the antitrust laws (Cotton seed Industry, H. Doc. 193, 70th, 37 p, 3/5/28).

Cottonseed Industry (Senate).—Two resolutions (S.Res. 136, 10/21/29, and S. Res. 147, 11/2/29—71st) directed the Commission to determine whether alleged unlawful combinations of cottonseed oil mill corporations sought to lower and fix prices of cottonseed and to sell cottonseed meal at a fixed price under boycott threat; and whether such corporations acquired control of cotton gins to destroy competitive markets and depress or control prices paid to seed producers (Investigation of the Cottonseed Industry, preliminary report, S. Doc. 91, 71st, 4 p., o. p., 2/28/30, and final 91, Commission Cottonlegisl

0

c T



50 p.,o.p.); Part IV, Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements (3/2/44, 189 p., o.p.); Part V, Advertising as a Factor in Distribution (10/30/44, 50 p.); Part VI, Milk Distribution, Prices, Spreads and Profits (6/18/45, 58 p.); Part VII, Cost of Production and Distribution of Fish in the Great Lakes Area (6/30/45, 59 p.); Part VIII, Cost of production and Distribution of Fish in New England (6/30/45, 59 p.); Part VIII, Cost of Production and Distribution of Fish in New England (6/30/45, 118 p.); and Part IX, Cost of Production and Distribution of Fish on the pacific Coast (7/25/46, 82 p.). The inquiries relating to fish were conducted in cooperation with the Coordinator of Fisheries, Interior Department. During World War II special reports on the distribution of some 20 commodity groups were made for confidential use of the Office of Price Administration and other war agencies.

Divergence Between Plant and Company Concentration (F.T.C.).—In this 1950 report, the Commission measured the divergence between plant and company concentration for each of 340 manufacturing industries. The Divergence between Plant and Company Concentration, 1947 (162 p.) See also Concentration of Productive Facilities.

DuPont Investments (F.T.C. use  
53Productive53ProentElec -1c D 0 Gas Ut2.96 T, D 0 Elec -1c PoTD Tj1tionPoTD

Fertilizer (F. T. C.).—The Commission's 1940 report on The Fertilizer Industry (100 p.) is concerned primarily with restrictions and wastes which interfere with the supply of plant food materials in the quantities needed and at prices ~~The~~



for plants arranged by geographical areas. Comparisons of the costs of production and distribution are made by size groups of wholesale bakeries.

Food—Fish.—See Distribution Methods and Costs.

Food—Flour Milling (Senate).—This study of costs, profits, and other factors (S. Res. 212, 67th, 1/18/22) was reported in Wheat-Flour Milling Industry (S. Doc. 130, 68th, 130 p., o. p., 5/16/24).

Food—Flour-Milling Industry, Growth and Concentration in (F. T. C.).—The Commission's study showed that there has been a progressive increase in the size of flour-mill operations and a progressive decrease in the number of flour-milling establishments. Nevertheless, the Commission retorted, there is a lesser degree of concentration in the flour-milling industry than in many other important industries. The results of the study were presented to Congress in a report on the Growth and Concentration of the Flour-Milling Industry (6/2/47).

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

o. p.,

Gasoline.—See Petroleum.

Grain.—See Food.

Grain Exchange Actions (F. T. C. and Chairman of Senate Committee on Agriculture and Forestry).—  
The Commission's report on Economic Effects of Grain Exchange Actions Affecting Futures Trading During  
the First Six Months of 1946 (85 p., 2/4/47) presents results of a special study made at the request of the then  
Chairman of the Senate Committee on Agriculture and Forestry. The report reviews the factors which made  
it impossible, during the first half of 1946, for futures trading to be conducted in the usual manner on the  
Chicago, Kansas City and Minneapolis grain exchanges under existing conditions of Government price  
control and severe restrictions on the movement of short supplies of free grain in the cash market. The report  
also discusses the effects of Government price control and warehouse control on the grain market.



Milk.—See Food.

Millinery Distribution (President).—This inquiry, requested by President Roosevelt, embraced growth and development of syndicates operating units for retail millinery distribution, the units consisting of leased departments in department or specialty stores (Report to the President of the United States on Distribution Methods in the Millinery Industry, 65 p., processed, 11/21/39).

Monopolistic Practices and Small Business.— study by the staff of the Commission on the effect of certain monopolistic practices on small business, requested by the Subcommittee on Monopoly of the Senate Select Committee on Small Business. The results were transmitted to the Subcommittee and published as a committee print by Select Committee on Small Business, U. S. Senate, 82d Cong. (88 p. 3/31/52).

Motor Vehicles (Congress).—Investigating (Public Res. 87, 75th, 4/13/38). distribution and retail sales policies distribution policies practices public use of motor vehicles (S. Doc. 131, 75th, 1/23/38) Tj 23ail Tj 40.32 01 TD0 Tc ( ) Tj 2.16 0



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

Petroleum.—See International Petroleum Cartel.

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, 6/18/13<sup>12</sup> and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; advance in the Prices of Petroleum Products (H. Doc. 801, 66th, 57 p., o. p., 6/1/20)—pursuant to H. Res. 501, 66th, 4/5/20, in which report tire 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. Rec., 2/28/26, 71st, 116 p., o. p., 6/30/30).

Power—Electric

Price Deflation (President).—To an inquiry (3/21/21) of President Harding, the Commission made prompt reply (undated) presenting its views of the causes of a disproportional decline of agricultural prices compared with consumers' prices (Letter of the F. T. C. to the President of the U. S., 8 p., o. P.).

Profiteering (Senate), Wartime, 1917-18.—Current conditions of profiteering (S. Res. 255, 65th, 6/10/18) as disclosed by various Commission investigations were reported in profiteering (S. o f

1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (Dec 145, 66th, 3 p., o. 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., o. p., 6/22/31). The Report of the F. T. C. on Resale Price Maintenance, o. p., F. T. C. Res., 4/25/39) was submitted to Congress 12/13/45. The inquiry developed facts concerning the programs of trade organizations interested in the extension of the resale price maintenance system.

questionable as a business policy (Stock Dividends, S. Doc. 26, 70th, 273 p., o. p., 12/5/27).

Sugar.—See Food.

Sulphur Industry (F. T. C.).—In its report to Congress on The Sulphur Industry and International Cartels (6/16/47), the Commission stated that the operations of all four producers constituting the American sulphur industry generally have been highly profitable, and that the indications are that foreign cartel agreements entered into by Sulphur Export Corp., an export association organized under the Webb-Pomerene Law, have added to the profitability of the U. S. industry. On 2/7/47, after hearings, the Commission recommended that Sulphur Export Corp. readjust its business to conform to law.

Taxation and Tax-Exempt Income.—See National Wealth and Income.

Temporary National Economic Committee, Studies of the F. T. C.—See F. T. C., Annual Report, 1941, p. 218, for titles.

Textiles (President).—President Roosevelt (Executive Order of 9/26/34) directed an inquiry into the textile industry's labor costs, profits, and investment structure to determine whether increased wages and reduced working hours could be sustained under prevailing economic conditions. Reports covering the cotton, woolen and worsted, silk and rayon, and thread, cordage and twine industries were: Report of the F. T. C. on Textile Industries, Parts I to VI, 12/31/34 to 6/20/35, 174 p., o. p. (Part VI t TD 3.36 0 ox0 Tc ( ) Tj 3.36 0 36

the World War, 1917-18, at the request of the War Industries Board, for its use in regulating the prices of woolen rags employed in the manufacture of clothing.

Tobacco (Senate).—Inquiry (S. Res. 329, 2/9/25) into activities of two well-known companies disclosed that alleged illegal agreements or conspiracies did not appear to exist. (The American Tobacco Co. and the Imperial Tobacco Co., S. Doc. 34, 69th, 129 p., o. p., 12/25/25).

Tobacco Marketing—Leaf (F. T. C.).—Although representative tobacco farmers in 1929 alleged existence of territorial and price agreements among larger manufacturers to control cured leaf tobacco prices, the Commission found no evidence of price agreements and recommended production curtailment and improvement of marketing processes and cooperative relations (Report on Marketing of Leaf Tobacco, 1929, p. 17).

1945 (30 p., processed, with 10 p. appendix). Compilation of the information contained in the report was begun by the Office of Price Administration prior to the transfer of the financial reporting function of that agency to the Federal Trade Commission in December 1940.

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

## The following are unpublished investigations by the Commission for the use of other government agencies:

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

Antifreeze Solutions, Manufacturers of (W. P. B.), Wartime, 1943-44.—For 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.

Capital Equipment (W. P. B.), Wartime, 1942-43.—For the War Production Board, a survey was made in connection with Priorities Regulation No. 12, as amended 10/3742, of concerns named by it to determine whether orders had been improperly related to secure capital equipment or whether orders that had been related had been extended for the purpose of obtaining capital equipment in violation of priorities regulations.

Chromium Processors (W. P. B.), Wartime, 1942-43.—For the War Production Board, the Commission investigated the transactions of the major chromium processors.

ing with governing W. P. B. Preference and Conservation Orders M-9-a and b, and M-9-c.

Copper, Primary Fabricators of (W. P. B.), Wartime, 1941-42.—A survey and inspection of a specified list of companies which used a large percentage of all refinery copper allocated, and at the same time represented a fair cross-section of the industry, were made to ascertain the degree of compliance accorded to preference, supplementary, and conservation orders and regulations of the Director of Priorities, Office of Production Management (later the War Production Board) .

Cost of Living (President).—President Roosevelt, in a published letter (11/16/37), requested the Commission to investigate living costs. The Commission (11/20/37) adopted a resolution undertaking the inquiry and a few months thereafter submitted a report to the President.

Costume Jewelry, Manufacturers of (W. P. B.), Wartime, 1943-44.—Because it appeared that vast quantities



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.

Fruit Growers and Shippers (W. P. B.), Wartime, 1943-44.—This investigation was requested by the War Production Board to determine whether 7 grape growers and 12 grape shippers, all located in California, were in violation of W. P. B. Order L-232 with respect to quotas affecting the use of lugs (wooden shipping containers).

Furnaces, Hot Air, Household (W. P. B.), Wartime, 1943-44.—The Commission made a Nation-wide survey for the War Production Board of the operations of one of the largest manufacturers in the United States of household hot air furnaces, to determine whether its practices in selling and servicing domestic heating plants were in violation of Orders L-79 and P-84, and other applicable regulations and orders of W. P., B.

Fuse Manufacturers (W. P. B.), Wartime, 1942-43.—For the War Production Board the Commission investigated and reported on the activities of representative fuse manufacturers whose operations were subject to W. P. B. Limitation Orders L-158 and L-161, as amended.

Glycerin, Users of (W. P. B.), Wartime, 1942-43.—At the request of the War Production Board, paint and resin manufacturers, tobacco companies, and other large users of glycerin were investigated to determine whether they had improperly extended preference ratings to obtain formaldehyde, paraformaldehyde, or hexamethylenetetramine, to which they were not otherwise entitled.

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 existing.

Reports filed with the Commission  
FA (60) 9507 4068 O.D. 01

chines, and other machines for cutting, trimming, bending, forging, pressing, and forming metal; and all power-driven measuring and testing machines. Each

mine whether requirements of its Conservation Order No. M-131-a, relating to quinine and other drugs extracted from cinchona bark, were being complied with.

Silverware Manufacturers (W. P. B.), Wartime, 1942-43.—Silverware manufacturers were investigated at the request of the War Production Board to determine the extent to which they kind complied with the copper orders, that is, W. P. B. General Preference Order No. M-9-a, Supplemental Order No. M-b, and Conservation Order m-9-c, as amended.

Silverware Manufacturers and Silver Suppliers (W. P. B.), Wartime, 1942-43.— The activities of silverware manufacturers and silver suppliers under W. P. B. Conservation and Limitation Orders m-9-a, b,

tributing important commodities. The 1941-45 wartime investigations are herein listed under the headings: Advertising as a Factor in Distribution; Cigarette Shortage; Distribution Methods and Costs; Fertilizer and Related Products; Food—Biscuits and Crackers; Food—Bread Baking; Food—Fish; Food—Flour Milling; Household Furniture; Industrial Financial Reports; Metal-Working Machines; Paperboard; Priorities; Steel Costs and Profits; and War Material Contracts.

