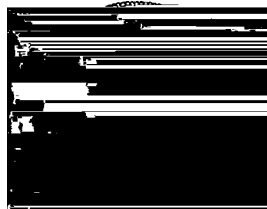


Annual  
Report  
of the **FEDERAL  
TRADE  
COMMISSION**

For the Fiscal Year Ended  
June 30, 1956



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## Letter of Transmittal

FEDERAL TRADE COMMISSION,  
Washington, D.C.

To the Congress of the United States:

It is a pleasure to transmit herewith the Forty-second Annual Report of the Federal Trade Commission, covering its accomplishments during the fiscal year ended June 30, 1956.

By direction of the Commission.

JOHN W. GWYNNE,  
Chairman.

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

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## THE YEAR'S HIGHLIGHTS

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This report of the Federal Trade Commission's work during fiscal 1956 presents an encouraging picture of the Commission's purpose and effectiveness.

To the Congress it is an accounting which the Commission presents respectfully and with confidence it demonstrates that appropriations for its work were well spent. A secondary purpose of the report is to offer to the public and to businessmen a description of the Commission's function, its scope, and its potential for service to them.

Indeed, the better the Commission is understood, the greater service it can perform. Most of the matters handled originate with businessmen and consumers who are alert to the protection the law affords and to the Federal Trade Commission as a major law enforcement agency. Without an informed public, such evils as monopoly, restraints of trade, and false advertising might flourish for lack of being identified and timely reported. It is true that the Commission can take corrective action on its own motion, but it is a relatively small agency—641 employees on June 30, 1950—and to correct improper business practices in a \$400 billion national economy requires help from the eyes and ears of an alert public.

This public awareness of the Commission's function is dulled by the fact that the agency's actions rarely contain the dramatic elements required for popular presentation. A cease and desist order against the payment of illegal brokerage is pretty plain fare for an audience accustomed to more dramatic and less complicated policing. The result is that law violators profit from the fact that too many Americans don't know what protection the Federal Trade Commission affords.

Broadly stated, the Commission has responsibility for stopping illegal business practices which deceive the public or threaten fair competition in interstate commerce. It also acts to protect the consuming public from being deceived or misled in purchasing goods advertised and sold across State lines. It has the power not only to halt acts that result in unfair competition but also those which pose a threat to fair competition. The need for this wide power lies in

the essential role Congress intended for the Commission; namely, that of an expert referee in the business game—explaining the rules, blowing the whistle on fouls, and assuring that the consumer gets his money's worth from a competitive game played fairly.

During fiscal year 1956 the Commission issued more complaints and orders against law violators than in any year since World War II. At the year's end, 42 antitrust complaints had been issued, contrasted to 36 such complaints in fiscal 1955. Forty cease and desist orders (including three which partially disposed of cases) were handed down, compared with 30 the previous year. In the deceptive practice field, the Commission issued 150 complaints and 132 orders compared with only 125 complaints and 82 orders in fiscal 1955. The Commission's program for voluntary compliance with the laws also was speeded. More new sets of trade practice rule, (for 14 industries) were promulgated than for any of the past 16 years. In addition, the Commission negotiated 166 stipulations whereby firms agreed to stop complained of practices. This is the largest number since the Division of Stipulations was created in 1946.

While impressive, performance statistics do not tell the whole story. They do not distinguish between routine and unusual cases or between simple and complicated investigational and legal problems. This is not to say that outstanding performance requires that all cases be weighty ones. The protection of the public and of honest business demands that illegal practices be stamped out regardless of whether the particular case is complex. In short, in its case selection the Commission is guided by whether a law violation invested with sufficient public interest appears to have taken place. If the facts warrant issuance of a complaint, it is issued to halt the violation, not to build a performance record.

It so happens, however, that fiscal 1956 found the Commission tackling many cases of major complexity. Not only did the legal issues present in some cases areas of unexplored territory, but many of the respondents were among the country's largest corporations.

Examples of some of the major cases brought by the Commission during the year were five involving alleged illegal mergers. In each the charge was made that competition was being stifled by illegal concentration of power in the hands of the acquiring corporation. Complaints were brought against one of the world's largest paper companies (Scott Paper Co.), one of the nation's largest dairy companies (Folebonds (Fo9E

The Commission also put an end to exclusive dealing contracts by principal manufacturers of liquefied petroleum gas, outboard motors, and





tion of their courses would assure civil service employment, and three others put a stop to false claims for the profits and learning ease of reweaving. Other alleged deception was challenged in cases against schools teaching motel management, radio and T-V technology, and practical nursing.

In addition to these specific areas of deception, the Commission moved against a miscellany of deceptive practices, ranging from lottery merchandising to the sale of second hand goods as new. In most cases, the respondents were comparatively small concerns, but their capacity to inflict injury on their victims and on legitimate businesses was neither small nor unimportant.

After issuance of final orders, respondents have the privilege of appealing adverse decisions to the courts. This, of course, calls for the Commission's attorneys to defend the agency's order and to participate with the Office of the Solicitor General in any Commission matters that might reach the Supreme Court. During fiscal 1956, the Commission completed litigation in 20 cases, two of which went to the Supreme Court on petition for certiorari on behalf of the Commission. At the year's end, 14 antimonopoly proceedings and 18 antideceptive practice cases were pending. Prospects for a continuation of extensive appellate work seems likely in view of the marked increase in the Commission's regulatory actions.

Even if a cease and desist order is not appealed to the courts, it continues to receive Commission attention. Without continuous surveillance, the Commission can not know whether or how its orders are being obeyed. And an unenforced order encourages more contempt for the requirements of the law than had the order never been issued. Consequently, the Commission not only continued but reinforced its efforts to assure proper compliance with outstanding orders.

Since its organization in 1915, the Commission has issued 4,770 orders to cease and desist







The second broad category of functions conferred upon the Commission under the Federal

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, an 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, where the effect of the discrimination "may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the 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 resulting from the differing methods or quantities in which the commodities are sold or delivered. Selection of customers in bona fide transactions and not in restraint of trade are not prohibited. The section, as amended, also specifies exceptions respecting sales necessitated by market conditions, disposition on account of deterioration of perishable goods; obsolescence of seasonal goods; distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned. A defense to a charge of discrimination is also specified in regard to speci-

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, where 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 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 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



## The Webb-Pomerene Export Trade Act of 1918<sup>7</sup>

This law authorizes limited cooperative activity among American exporters for the purpose of promoting export trade. Associations engaged solely in export trade are afforded exemption from the Sherman Act within certain strict boundaries set out in the act. To qualify for such exemption, an association must file with the Commission copies of its association papers or articles of incorporation and a complete description of its organizational structure, and bring this information up to date yearly. The Commission may require submission of additional information relating to the association's business activities at any time. A continuing surveillance of association activities is maintained by the Commission's Division of Export Trade.

Whenever the Commission concludes that an association is not operating within the limits of the antitrust exemption provided by the act, it may make recommendations to the association for readjustment of its practices. Upon failure of an association to comply with such recommendations, the Commission will refer the matter to the Attorney General for appropriate action.

The act also extends the prohibitions of the Federal Trade Commission Act to unfair methods of competition used in export trade against export competitors even though the acts are done outside the territorial jurisdiction of the United States.

## Wool Products Labeling Act and Fur Products Labeling Act<sup>8</sup>

These laws constitute specific labeling ~~prohibitions~~

or pieced. The country of origin of foreign fuels 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 was relied upon in good faith. Forms of guaranties are prescribed by the Commission.

Flammable Fabrics Act, approved June 30, 1953, effective July 1, 1954 <sup>9</sup>

The purpose of this statute is to afford the public protection from wearing apparel made of fabrics which are so highly flammable as to be dangerous. In the past, such fabrics have brought death or severe injury to many people.

A flammability test method is prescribed and apparel or fabrics which fail the tests are considered dangerously inflammable. It is forbidden by statute to introduce or place such merchandise on the market. In its administration of this act, the Federal Trade Commission is authorized to issue rules and regulations, to conduct tests, and to make investigations and inspections. The Commission is authorized to use its power under the Federal Trade Commission Act, including the cease-and-desist order process, in carrying out its responsibilities for

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 economic power in the course of administration of the Defense Production Act of 1950. The Chairman of the Commission, as provided in section 708, also is consulted regarding voluntary industry agreements and programs which the President is authorized to utilize to further the objectives of the act. Similar consultative responsibilities rest upon the Chairman of the Commission under section 217 of the Small Business Act. After agreements and programs have been subjected to this consultative review and have received official sanction, those participating are afforded immunity from the antitrust laws and the Federal Trade Commission Act.

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<sup>10</sup> Approved March 9, 1945, 59 Stat. 33. Effective June 30, 1948, see amendment approved July 25, 1947, 61 Stat. 448.

<sup>11</sup> United States v. Southeastern Underwriters Association, 332 U. S. 533, June 5, 1944.

<sup>12</sup> 60 Stat. 427.

<sup>13</sup> 64 Stat. 798.

<sup>14</sup> 67 Stat. 232.

## ADMINISTRATION

That the Commission's judgments be wise ones is the responsibility of the five Commissioners, but that they have the facts—and the basic casework—on which to base their judgments is the responsibility of the staff. Consequently, competent staff work is responsible for the number and significance of the cases the Commission needs to fulfill its function.

Fiscal 1956 revealed a high degree of coordination on the part of the staff. That its casework exceeded in every phase the production of the previous year bespeaks greater efficiency than could be accounted for by a slight increase in the size of the staff. During the fiscal year, 57 persons were added to the staff, bringing the total to 641; however, most of this increase took place in the closing months of the year.

Materially aiding in the achievement of the increase in casework was closer supervision of investigations and increased emphasis on the part of all bureau and division personnel in expediting cases of

## DIVISION OF PERSONNEL

The division of

## Publication Branch

The publication branch of the division of general services is a service established by the Commission to clear for format, economy of reproduction, and distribution, all material printed or duplicated by the Federal Trade Commission within Trade service

of supplies, equipment,

FEDERAL TRADE COMMISSION  
ORGANIZATION OF STAFF FUNCTIONS  
ORGANIZATIONAL CHART - SEE IMAGE



## INVESTIGATION

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The Bureau of Investigation conducts all investigations of alleged violations of the statutes administered by the Commission, as well as investigations of how respondents are complying with stipulations and orders to cease and desist.

Its work falls into two broad categories: (a) general investigative functions performed by project attorneys and professional branch office personnel and (b) specialized investigative or advisory functions performed by the division of wool, fur, and flammable fabrics, the division of accounting, and the division of scientific opinions. The work of the latter group will be discussed separately.

### GENERAL INVESTIGATIVE FUNCTIONS

Since July 1, 1954, the legal investigational work has been performed under the general supervision of the director, bureau of investigation, and under the guidance of the chief project attorney and his staff of 28 project attorneys. Each of the latter has a primary and continuing responsibility for the progress of a case from its inception to its final disposition.

Matters for investigation arise principally through complaints from businessmen or consumers alleging injury from unlawful trade practices. In the initial screening of such matters, the project attorney carefully considers both the nature and probable effect of the alleged practice to the end that only those matters will be entered for investigation which appear to involve violation of law and which appear to have substantial importance from the public's standpoint. Upon determination that an investigation should be initiated, it is the responsibility of the project attorney to outline the general nature and scope of the investigation. He is thereafter responsible for its progress. Investigations are normally conducted through one or more of the branch offices, but correspondence inquiry is utilized by the project attorney in deceptive practice matters where feasible. Upon completion of field investigation, the project attorney is responsible for determining the adequacy of the investigation and whether the recommended disposition is proper. He also specifies what, if any, additional work is necessary before the matter can be submitted for litigation or other action.

Investigations conducted pursuant to the Commissioners integrated compliance program require special care and attention because there, if an order violation is involved, the evidence must be assembled in such form as to support civil penalty or contempt proceedings. Investigations to support compliance with stipulations and trade practice rules are no less important in commanding respect for the Commission's voluntary cooperative procedures of effecting wide-scale law observance at minimum cost.

Incoming applications for complaint numbered 2,811 during fiscal year 1956, including 590 antimonopoly matters and 2,221 deceptive practice matters.

Applications for corrective action received in fiscal 1956 represented an increase of 298 over those received during the previous year.

with respect to each merger, make a determination as to whether it is one likely to have the adverse effects proscribed by the statute.

If the preliminary review indicates the merger is one which may have adverse effects on competition, a more comprehensive investigation is undertaken. This investigation may be initiated by letters requesting the parties to submit detailed information concerning the companies and industry or industries involved, or by sending the matter to one of the branch offices for interview with officials of the merging companies. The data obtained from the companies concerned are in most instances supplemented by data obtained from other sources, including competitors, suppliers, and customers of the merging companies, trade associations, and Government agencies. Investigations of this type, requiring as they do considerable economic and marketing work, are more complicated and time-consuming than most other types of investigations conducted by the Bureau.

A total of 65 comprehensive merger investigations was un( )r 0 TD 0050521 (sendiTc ( ) Tj 3.36

These written opinions dealt with a variety of human foods, livestock and poultry feeds, vitamin and mineral supplements, cough and cold remedies, treatments for acne and other skin diseases, hay fever and asthma remedies, veterinary remedies and vaccines, skin creams, hand lotions, sunburn preventives, hair dyes and dressings, shampoos, deodorants, depilatories, air filters, trusses, contact lenses, hearing aids, eyeglasses, shoes for which health claims were made, health books, health garments, cooking utensils, insecticides, disinfectants and other economic poisons, detergents, bleaches, cigarettes, fertilizers, and a number of other types of preparations and devices.

A very considerable amount of time was spend on the investigation and litigation of cases involving preparations offered for the treatment of arthritis, rheumatism, severe headaches and other painful conditions, preparations offered for the prevention and treatment of baldness, and preparations offered for the treatment of piles. In 14 of these cases the division made arrangements with physicians connected with large hospitals and ~~with~~

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The Flammable Fabrics Act seeks to protect the public against hazards incurred in the use of dangerously flammable fabrics in wearing apparel.

Each of the three acts provides for the filing of continuing guaranties with the Federal Trade Commission. A public register for such documents is maintained by the division. Registered identification numbers for use on required labels also are issued by the division upon proper application. Substantive rules and regulations which amplify and explain the basic statutes have been promulgated under each of the three acts. These rules and regulations, which have the force and effect of law, are necessarily complex and technical. Continuing economic and technological advances require amendments and new rules whenever necessary in the public interest. Copies of the acts and the rules and regulations promulgated thereunder, as well as copies of informative bulletins concerning methods of meeting compliance with the statutes, are available upon request to the Commission.

Approximately 70 industries manufacture products subject to the Wool Act, involving some 25,000 manufacturers and 260,000 distributors. Subject to the Fur Act are approximately 7,500 manufacturers of fur products which are distributed through some 175,000 distributors.

The Flammable Fabrics Act applies to virtually the entire textile and garment manufacturing industry and to the corresponding distributing trades including converters, wholesalers,TD 0.0012 Tc (corre) Tj 30.0e TD 0.0429 Tc (fur)



Federal Trade Commission Act; (4) establish evidence of sales below cost in violation of Section 5 of the Federal Trade Commission Act; (5) compile production and sales statistics and analyze financial data of companies and their competitors involved in mergers, in cases arising under Section 7 of the Clayton Act; and (6) compile statistics concerning costs, prices, and profits, and the financial position of companies under Section 6 of the Federal Trade Commission Act.

During the year accounting services were furnished in connection with 57 legal cases and investigations. These included 30 Robinson-Patman cases, 4 other Clayton Act cases, and 23 Section 5 Federal Trade Commission Act cases.

## LITIGATION

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### FUNCTIONS

The Bureau of Litigation consists of attorneys who prepare and try all types of cases brought under the trade regulation statutes administered by the Commission. The cases they handle involve practices ranging from false advertising by a single firm to cases against price-fixing conspiracies involving entire industries.

The cases may be grouped in three major classifications:

1. Monopolistic and other anti-competitive practices alleged to violate section 5 of the Federal Trade Commission Act or sections 2, 3, 7, or 8 of the Clayton Antitrust Act, as amended by the Robinson-Patman Act.

2. False and misleading advertising and other unfair and deceptive acts and practices alleged to violate sections 5, 12, or 15 of the Federal Trade Commission Act.

3. Misbranding of wool or fur products, in violation of the Wool Products Labeling Act or the Fur Products Labeling Act, and sale of dangerously flammable wearing apparel in violation of the Flammable Fabrics Act.

The Bureau's work includes all phases of the litigation process in prosecuting such cases. In addition, the Bureau may be called on to participate in proceedings under the Export Trade Act, as well as under certain provisions of the Lanham Trade-Mark Act. Its attorneys also may represent the Commission in certain court proceedings.

When a case developed by the Bureau of Investigation is forwarded to the Bureau of Litigation with a recommendation for complaint, it is assigned to a trial attorney—or to more than one in some instances. The trial attorneys study the investigational files and research the applicable law. Then they prepare a report to the Commission summarizing and analyzing the evidence, measuring it against the appropriate statutory provisions, and recommending disposition of the case. The recommendation may be for issuance of a complaint, negotiation of an informal stipulation, further investigation, or closing.



When issuance of a complaint is proposed, a draft is prepared for the Commission's consideration.

On the issuance of a complaint by the Commission, Bureau attorneys handle the trial of the case before a hearing examiner and in appeal proceedings before the Commission. This function includes the usual duties of any trial lawyer, such as legal research; preparation of a comprehensive trial brief and of necessary legal documents; participation in conferences with parties, witnesses, and attorneys; participation in settlement negotiations and other pretrial procedures; the conduct of hearings; preparation of briefs; and presentation of oral argument;. The conduct of hearings involves, of course, the examination of witnesses for the purpose of presenting oral testimony and the introduction of documentary evidence, the cross-examination of defense witnesses, and the presentation of rebuttal evidence. Other duties are the preparation of applications for subpoenas duces tecum and other compulsory process, as well as the necessary steps to enforce them, and the preparation and filing of answers to defense motions, petitions, and appeals.

This work usually requires time-consuming studies and conferences. It necessitates intimate and detailed knowledge of the voluminous material in investigational files and reports. It frequently calls for consideration of complex legal, medical, business, and economic factors.

The Bureau is headed by a director who exercises general supervision over its work, assisted by an assistant director and an assistant to the director. As of June 30, 1956, the Bureau consisted of 42 trial attorneys and a secretarial, stenographic, and administrative staff of 18. The trial staff includes five legal advisers—three who are specialists in the field of antimonopoly law and two who are specialists in the field of law dealing with misrepresentation and other deceptive practices.

## CASE WORK IN 1956

### Statistical Summary

Both the case load and the output of the bureau's staff showed increases in fiscal 1956 over fiscal 1955, as reflected in the following table:

	Antimonopoly		Antideceptive practices		Totals	
	1955	1956	1955	1956	1955	1956
Complaints issued _____						
Orders to cease and desist _____	36	42	125	150	161	192
Complaints dismissed _____	30	<sup>1</sup> 37	82	<sup>2</sup> 132	112	169
Hearings held (days) _____	8	3	5	5	13	8
Final arguments _____	272	365	339	305	611	670
Briefs, motions, appeals, etc. _____	9	15	17	11	26	26
	148	214	301	415	449	629

<sup>1</sup> In addition, there were three orders partially disposing of cases.

<sup>2</sup> In addition, there was one order partially disposing of a case.

Indicative as these figures are of the increase in the bureau's volume of work, they take on increased significance in the light of the content of the cases. Accordingly, a review of the cases will serve to illustrate the grea



tissues and towels) and a leader in the manufacture of facial tissues and household waxed papers. In acquiring three other pulp and paper companies, Scott has increased its timber resources, pulp mills, and

portion of the outboard motor market, with resultant injury to competition.

In addition, the Commission issued a complaint charging The Timken Roller Bearing Co. with requiring its distributors and jobbers not to handle competing products. Timken, identified in the complaint as the nation's "dominant" manufacturer of tapered roller bearings, sold over \$178 million worth of such products in 1953. The complaint challenges the company's "consistent policy" of requiring its distributors and jobbers to discontinue handling "like or similar" products of competitors.

### Robinson-Patman Act Cases

A large percentage of the Commission's antimonopoly cases involves discriminatory practices in violation of section 2 of the Clayton Act as amended by the Robinson-Patman Act. This section of the Clayton Act is designed to safeguard the competitive order against the effects of a seller's unjustified discriminatory prices. It also prohibits a seller from discriminating in the payment for or the furnishing of services or facilities, such as advertising or promotional aids, as between competing buyers, and forbids the payment or receipt of brokerage fees or commissions under certain conditions. One subsection runs against knowing inducement and receipt by a buyer of discriminatory prices.

Violation of section 2 a ~~also~~ ~~is~~ ~~not~~ ~~covered~~ ~~by~~ ~~the~~ ~~Robinson-Patman~~ ~~Act~~ ~~if~~ ~~the~~ ~~seller~~ ~~is~~ ~~not~~ ~~discriminating~~ ~~in~~ ~~the~~ ~~price~~ ~~of~~ ~~the~~ ~~product~~ ~~itself~~ ~~to~~ ~~the~~ ~~buyer~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~first~~ ~~place~~ ~~to~~ ~~the~~ ~~buyer~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~second~~ ~~place~~ ~~to~~ ~~the~~ ~~seller~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~third~~ ~~place~~ ~~to~~ ~~the~~ ~~seller~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~fourth~~ ~~place~~ ~~to~~ ~~the~~ ~~seller~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~fifth~~ ~~place~~ ~~to~~ ~~the~~ ~~seller~~ ~~and~~ ~~the~~ ~~price~~ ~~is~~ ~~not~~ ~~discriminatory~~ ~~in~~ ~~the~~ ~~sixth~~ ~~place~~ ~~to~~ ~~the~~ ~~seller~~ ~~and~~ ~~the~~ 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manufacturers of railroad car journal bearings, and against Magnesium Co. of America, Inc., East Chicago, Ill., a seller of materials handling equipment, such as magnesium dockboards, loading ramps, and hand trucks.

Illustrative of the new complaints issued under section 2 (a) is one charging Stephen F. Whitman & Sons, Inc., with price discrimination in the sale of Whitman Sampler and other candies. The complaint challenges a quantity discount plan resulting in lower prices to favored customers. The complaint alleges, among other things, that the discount schedule unfairly favors chain stores over independent outlets.

Increased emphasis on the enforcement of the Robinson-Patman Act's requirement that  
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manufacturers. The respondents were Hudnut Sales Company, Inc., Helena Rubinstein, Inc., Yardley of London, Inc., Elmo, Inc., and Revlon Products Corporation. Four of the cases were settled through the issuance of consent orders. ~~ice of manufacture~~ New York

An apparently widespread practice of discriminating in the granting of promotional allowances in the wearing apparel field was proceeded against in a case against Henry Rosenfeld, Inc., a prominent New York City merchandiser of women's clothes. An order was issued requiring that the promotional allowances be made available





Schuster, Inc., and Harper & Bros. These publishing houses were ordered to refrain from entering into or continuing contracts with book clubs which require resale price maintenance by retailers while the clubs competing with them are

Multi-wall paper slipping sacks are used to transport and store feed, fertilizer, cement, sugar, flour, and other bulk products.

Another complaint charges 20 members of the Asheville, N. C., tobacco board of trade with monopolizing the tobacco auction warehouse industry in that area.

## DECEPTIVE PRACTICE CASES

From a numerical standpoint, deceptive practice cases account for the largest percentage of the Commission's work. In fiscal 1956, for example, complaints alleging deceptive practices totaled 150, and orders to cease and desist numbered 133.

The record shows a substantial increase in case work in the deceptive practices field. The 150 complaints issued represent a jump of 25 over the 1955 total and an increase of 80% over the 1944-to-1953 average of 83. The 133 deceptive practice orders compare with 82 in the previous year and a 10-year average of 75 during the period 1944-1953.

The cases in this field cover a variety of practices and products. The Commission's proceedings are designed to protect not only the public's health but also its pocketbook. Their objective is to bring about truth in labeling and truth in advertising.

The summary that follows highlights how this responsibility was discharged.

### Fur Act Cases

The relatively new Fur Products Labeling Act accounted for considerable litigation during the year. Twenty-six complaints charging violation of this statute were issued, and 19 cases were successfully terminated with orders to cease and desist. The practices covered in these cases included failure to disclose the true name of the animal from which the fur was derived; failure to disclose the presence of bleached, dyed, or otherwise artificially colored furs; failure to disclose the country of origin; and misrepresentation of price. Fictitious pricing was a prevalent practice and included such devices as advertising spurious liquidation sales. The sale of used furs as new was also involved in several cases.

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## Wool Act Cases

The Wool Products Labeling Act likewise accounted for a substantial number of cases during the year. Seventeen orders to cease and desist were issued under this statute, and 11 new complaints were issued. The products involved included all kinds of wool products, such as coats, caps, blankets, comforters, battings, and fabrics. Illustrative of the practices challenged was the use of the word "cashmere" to describe a fabric consisting of wool, rabbit hair, and some cashmere. The Commission ordered the seller to stop using the word "cashmere" to describe products made only in part of cashmere unless the other fibers are named "in letters of at least equal size and conspicuousness." Several cases involved misrepresentation of the nature and amount of fur fibers contained in wool products.

Illustrative of Wool Act cases are the following:

Luxurious Woollens, Inc., et al. (Docket 6518). The Commission issued a cease and desist order against this firm, a manufacturer of woolen fabrics containing beaver hair, for misbranding under the Wool Products Labeling Act and for misrepresenting the fiber content of the goods on invoices under the Federal Trade Commission Act. Pending the decision of the Commission, the respondents were enjoined from shipping the misbranded goods by the U. S. District Court for the Southern District of New York.

Joseph Carmel et al. (Docket 6406). This was an instance where a coat manufacturer labeled ladies' coats as containing large percentages of guanaco hair when such was not the case. A cease and desist order was issued restraining the respondents from misbranding the garments under the Wool Products Labeling Act. In addition, this matter was forwarded to the Department of Justice for a criminal penalty suit under section 10 of the Wool Products Labeling Act.

## Flammable Fabrics Act Enforcement

The Commission was active also in the enforcement of the Flammable Fabrics Act of 1953, which became effective in 1954. Cease and desist orders under this statute numbered nine, and the total of new complaints issued was also nine. Cases under the Flammable Fabrics Act are designed to prevent the sale of wearing apparel that is so highly flammable as to be dangerous

Claims for products or courses of treatment which promise to eliminate dandruff, stop excessive hair fall, prevent or overcome baldness, or induce the growth of new hair were ordered discontinued in several cases and challenged in additional cases which remain pending. It was found on the basis of scientific evidence that in 90 to 95 percent of all cases of baldness, there is "no cure known to medical science."

As for the pedal extremity, the Commission issued an order against misrepresentation of "Fairyfoot" bunion plaster. Under the order, the product may not be advertised as sensational or a scientific achievement, and various claims for its effectiveness must be discontinued. Other proceedings barred false therapeutic claims for shoes.

More significantly, the Commission proceeded against so-called arthritis and rheumatism medicines advertised as cure-alls. In several cases products advertised as effective treatments for arthritis and rheumatism, or the pains that accompany them, were found to give only temporary relief from minor aches and pains. Makers of the products were ordered to limit their advertising claims to the facts.

In several other cases the Commission ordered an end to sweeping claims for vitamin-mineral products and tonics. LeBlanc Medicine Co., Inc., for example, is prohibited from claiming that its vitamin-mineral supplement "Kary-On" is of any value in treating ailments such as convulsions, rheumatism, typhoid fever, heart trouble, diabetes, ulcers, epilepsy, or asthma.

Another order forbids a Chicago firm, with branches in major cities, to misrepresent the contact lenses it sells.

A Pennsylvania firm was barred by a Commission order from claiming that an air filter device guards against colds and other respiratory infections. Advertisements for the device, known as the "Trion Electronic Air Cleaner," had represented that the device will remove "over 90 percent of airborne bacteria and virus" and result in "fewer colds and other diseases." The order specifically prohibits claims that the device "will afford protection from or will effectively prevent the spread of colds or similar respiratory infections."

A pending complaint challenges claims that "K & K" cold medicine will cure colds and generally clear up the accompanying symptoms. The complaint charges that the value of the product is limited to affording temporary relief of coughs due to colds and of minor throat irritations.

## Household Products and Services

Deceptive practices relating to a variety of household products and services were prohibited or challenged in numerous cases. For example, two companies were ordered to stop making false claims for their stainless steel cooking utensils all to stop disparaging

competing aluminum products. The Commission found it necessary to ban as completely false the persistent canard that cooking food in aluminum utensils causes the formation of poisons. At the same time, the sellers must also refrain from claiming that eating food cooked in their stainless steel utensils will help overcome a variety of diseases and ailments ranging from diseased tonsils and heartburn to heart disease and diabetes.

Misrepresentation in connection with the sale or repair of television sets accounted for several cases.

The Admiral Corp. of Chicago was ordered to stop falsely comparing the screen area of its TV sets to those of its competitors. The order was based on a Commission complaint charging as false the claim that Admiral's "Giant 21-inch picture tube" gives 20 percent more screen area than other 21-inch sets.

A Washington, D. C., firm was also prohibited from using false advertising to sell television sets. The order prohibits such practices as misrepresenting that television sets are models of a certain year; that used television sets are new; or that television sets used other than for demonstration purposes are floor samples. The order also is directed against the use of deceptive representations concerning the nature and extent of the guarantee covering merchandise.

Two Washington, D. C., television repair service firms were placed under orders against misrepresenting the charges made for servicing and repairing TV sets in the home. Both firms advertised that service calls in the home were approximately \$1 when the actual charges were substantially higher.

Other cases in which orders against misrepresentation were issued related to such products as sewing machines, silverware, and aluminum storm windows, doors, and awnings.

Among the new complaints issued during the year were two alleging misrepresentation of the savings and advantages of food freezer plans. The complaints challenge, among others, claims that subscribers get food at "nearly wholesale prices" and that savings in food costs range from 25 to 50 percent.

## Insurance Cases

The litigation docket during fiscal 1956 was also featured by the trial of numerous cases alleging false advertising of accident and health insurance. Thirteen new complaints were

maximum benefits in advertising without adequately disclosing the restrictions contained in the policies. The cases involve misrepresentation of such matters as the duration of the policies, the health status of prospective policyholders, the number of illnesses covered, and the extent of benefits payable.

### Correspondence Courses

Exploitation of persons seeking to advance their education or to obtain better employment opportunities through the medium of correspondence courses was the subject matter of several proceedings during the year.

Leading the list were three cases involving correspondence courses designed to prepare individuals for Civil Service examinations. The sellers of these courses must stop representing that they are connected with the Government, that they can guarantee Civil Service jobs to graduates, or

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processing, the Commission held. The matter was accordingly referred to the Department of Agriculture, which administers the Packers and Stockyard Act.

### Wearing Apparel

In addition to cases brought under the Wool Products Labeling Act, the Fur Products Labeling Act, and the Flammable Fabrics Act, the Commission's docket also included several wearing apparel cases under section 5 of its organic act. In one case the Commission prohibited claims that domestically manufactured clothing was designed and made in London, England. Another case involving rainwear and outdoor jackets was directed against misrepresentation of the seller as the manufacturer of the garments.

Therapeutic claims for shoes were also proceeded against as deceptive. The maker of "Jumping-Jacks" juvenile shoes, for example, was prohibited from claiming that they are beneficial to the health of children. The order specifically prohibits claims to the effect that the shoes will cause the arch or toes to stay strong or healthy; help bones or muscles to grow straight or strong; or have any significant beneficial effect on the growth or development of the feet.

### Used or Secondhand Commodities

Misrepresentation of used commodities as new, either by affirmative representations or by failure to disclose the fact that advertised articles were secondhand, was the subject matter of numerous proceedings involving a variety of products

The growing practice of selling reclaimed motor oil as new was challenged in four complaints issued during the fiscal year 1956. A typical complaint alleged that the respondent sold reprocessed or reclaimed oil obtained from drainings of motor crankcases, or other sources, in the same containers used for new oil without indicating the used nature of the product. The complaint alleged that, in the absence of a disclosure that the oil is used, reclaimed, or reprocessed, the general TD 0 T2 0016 4.92 0 TD -0.0019 T'8T 51 0 T66 Tc,tr0or



agreements are reconditioned and then reoffered for sale as new, according

manufacturer was charged with inviting shoppers to buy a sack of flour and "pick a number" to win another sack. The practice was prohibited as a game of chance, gift enterprise, or lottery.

### Miscellaneous Cases

Other deceptive practice cases resulting in the issuance of cease and desist orders included the following:

A manufacturer of phonographic needles was ordered to stop misrepresenting that the needles have sapphire, ruby, or other jeweled tips without disclosing that they are synthetic. Home gardeners were protected through the issuance of an order prohibiting a nursery from misrepresenting the size, variety, age, rate of growth, production, condition, or blooming time of bushes, shrubs, and other nursery stock. The "Gadget-of-the-Month Club" was ordered to stop representing the total retail price of merchandise sent to club members as greater than the subscription price.

A furniture company was ordered to stop representing that it is a wholesaler or that its prices are wholesale prices. Several cases involving watches were directed against false claims that they are "jeweled" watches. Another order ran against misrepresenting the quality and price of paints and the terms of their sale.

Deceptive practices in the sale of fur fibers were prohibited in two cases. Fur fibers represented as natural guanaco were not 100 percent guanaco but a blend composed in large part of other fibers. Similarly, fur fibers described as "mink fur blend" were not composed predominantly of that fiber. So-called beaver fur fibers were likewise composed largely of other fibers, according to Commission complaints.

Still other orders prohibited various forms of misrepresentation in connection with cotton fabrics, home fire alarm systems, perfumes, trophies, medals, jewelry, watchcases, fly traps, disinfectants, food vending equipment, artificial flowers, and chamois.

## OFFICE OF THE GENERAL COUNSEL

As the Commission's chief law officer, the general counsel is principal legal adviser to the Commission and its staff. His office:

- Handles all the Commission's appellate and court work;

- Obtains compliance with its cease and desist orders, including initiation of penalty suits;

- Integrates cease and desist order compliance with programs for securing compliance with voluntary stipulations and trade practice rules;

- Analyzes new legislation and represents the Commission before Congressional committees;

- Supervises the work of special legal assistants to the Commission;

- Advises the chairman of the Commission on clearance of voluntary industry agreements sponsored by other agencies in carrying out the Defense Production Act and the Small Business Act of 1953, as amended;

- Administers the Webb-Pomerene Export Trade Act;

- Reviews trade practice rules;

- Advises businessmen informally on trade regulation matters; and

- Prepares legal manuals and studies for staff use.

### DIVISION OF SPECIAL LEGAL ASSISTANTS

The principal work of this division is to prepare documents needed to implement Commission decisions. The work also includes examining formal records and reporting on them to the Commission or to a particular Commissioner.

Division attorneys consult with Commissioners and staff members on questions of law, policy, and procedure in connection with all phases of inwitheh10 ITj 54.6 0 TD 0 Tc ( )eh105N3s so a pa2



## ANTIMONOPOLY CASES IN FEDERAL COURTS

In the Supreme Court

The petition for rehearing of petition for certiorari filed by Dictograph Products, Inc.,

tions for review of order prohibiting price-fixing and other restraints of trade in the

N. Sumergrade & Sons, New York, N. Y. (Third Circuit). False representations of feather content of pillows.

Northern Feather Works, Inc., New York, N. Y. (Third Circuit). False representation of feather content of pillows.

New American Library of World Literature, Inc., New York, N. Y. (Second Circuit). Misrepresentation of book reprints and condensations.

Marshall Maltz, Chicago, Ill. (Seventh Circuit). Lottery device. Cases in which Commission orders to cease and desist were modified on motion of the Commission and affirmed are:

Standard Distributors, Inc., Chicago, Ill. (Second Circuit). Misrepresentation of an encyclopedia.

Reddi-Spred Corporation, Philadelphia, Pa. (Third Circuit). Deceptive practices in the sale of oleomargarine.

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(Seventh Circuit); Northern Feather Works, Inc., Newark, N. J. (Third Circuit); N. Sumergrade & Sons, New York, N. Y. (Third Circuit); Barclay Home Products, Inc., Cohoes, N. Y. (District of Columbia Circuit), misrepresentation of feather content of pillows.

James F. Crafts (Fireman's Fund Indemnity Company), San Francisco, Calif. (Ninth Circuit). Appeal from order of district court enforcing subpoena.

General Products, Chicago, Ill. (Seventh Circuit). Unfair competition in sale and distribution of photograph albums and certificates for photographs.

Carl Drath (Broadway Gift Co.), Washington, D. C. District of Columbia Circuit). Merchandise lottery.

The American Hospital and Life Insurance Co., San Antonio, Tex. (Fifth Circuit). Misrepresentation of insurance policies.

Abel Allan Goodman (Weavers Guild), Hollywood, Calif. (Ninth Circuit). Deceptive practices in sale and distribution of home study course.

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these reports and augments them where


In all civil penalty cases the division prepares for transmission with the certification to the attorney general, for filing in the U. S. District Court, all the necessary pleadings and a



During fiscal 1956, a total of 144 compliance investigations were instituted and supervised by the division, 32 of which were in connection with antimonopoly matters. This 144 is an increase of 26 compliance investigations over the preceding fiscal year.

### Progress on Review of Old Orders

Since its organization the Commission has issued approximately 4,770 cease and desist orders. The compliance division, from its establishment in 1947, had been able to deal adequately with respondents' methods of compliance in less than 700 of these orders. In August 1954, a survey of the remaining orders (those issued prior to 1947) was undertaken. The status of this survey is as follows:

	Fiscal year *1956	Cumulative to July 1, 1956
Examined -----	590	1,812
Screened out as Requiring no Action -----	218	688
Supp. Reports Requested -----	270	739
Compliance Brought Current -----	302	744

\*Does not include Robinson-Patman Act orders.

A special survey of the 171 Robinson-Patman Act orders issued before 1947 was completed during fiscal 1956. Although the survey had made some progress the previous year, the bulk of the orders—156 of the 171—were examined in fiscal 1956.

Of the 2,200 old orders not yet investigated, more than 400 involve restraints of trade and Clayton Act violations, price-fixing conspiracies, and other complicated problems. These orders are directed against evils found in many of the country's most vital industries. Many involve a large number of respondents, each of whom must report. One case had 145 respondents, another 89, and another 294.

### Current Order Compliance

A substantial portion of the compliance division's work consists of securing compliance with current orders issued since 1947. As each current order is issued the division must study and analyze reports of compliance to insure that respondents adjust their business practices to conform to the Commission's cease and desist orders.

### Statistics on Matters Handled in Fiscal 1956

"Matters" consist of (a) reports of compliance for processing; (b) complaints of alleged violation of orders; (c) conferences and opinions regarding compliance; and (d) initiating and processing pre-

liminary inquiries into compliance. Each category of these "matters" is a distinct operation requiring substantial man-hours.

Total pending July 1, 1955	908
Received during year	<u>1,589</u>
Total for disposition during year	2,497
Disposed of during year	<u>1,505</u>
Total pending June 30, 1956	992

## ADMINISTRATION OF WEBB-POMERENE ACT

### Office of Export Trade

This office administers the Webb-Pomerene (Export Trade) Act (15 U. S. C. § 61-65), makes investigations into foreign trade conditions as authorized by section 6 (h) of the Federal Trade Commission Act, advises other components of the Commission on foreign trade, and serves as liaison between the Commission and other government agencies in matters relating to U. S. foreign trade.

The Webb-Pomerene Act authorizes American business competitors to form associations for the sole purpose of export trade and exempts such groups from the antitrust strictures of the Sherman Act provided their activities are confined within certain statutory bounds.

The Commission polices the business behavior of these export trade associations. Where an association fails to comply with the Commission's recommendations for correcting its practices, the Commission refers the matter to the Attorney General for appropriate action relating to enforcement proceedings or a civil forfeiture suit.

Thirty-seven export trade associations representing 442 industry members are currently registered with the Commission. The value of the products exported by association members totals approximately \$840 million annually. It is expected this soon will exceed Thirty-seven export trade

ECONOMICS

The Bureau of Economics conducts economic studies and renders economic and statistical assistance in the investigation and trial of cases.

During the first 7 months of the year, the Bureau made a major contribution to the work of a Merger Task Force which spearheaded the Commission's efforts to halt illegal mergers under section 7 of the Clayton Act. This task force, consisting of economists and lawyers, screened currently reported mergers and initiated inquiries and complaints as required.

In January 1956, the function of the Task Force was transferred to the Bureau of Investigation, and several economists in the Bureau of Economics who had gained experience in merger work were

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corporate enterprise. Besides the many tables and charts in the text, there are several hundred pages of appendix tables which give detail on types of production by various size groups of particular manufacturing industries. The report will show what part of their output was shipped in 1950. As an example, the report will identify the four leading shippers of each class of product and show the total number of establishments from which shipments were made by the first four and the first eight companies, the aggregate value of their shipments, and the percentage of total shipments for each of these groups.





however, without impairing the reliability of the published quarterly estimates.

## ASSISTANCE IN LITIGATION

Aid to the legal staff in hearings on formal complaints is the third major division of the Bureau's work. This includes supervising the preparation of economic evidence and of supporting statistical displays, and of the development of such appropriate rebuttal material as may be required by the defense line introduced by the respondents. During the year five cases accounted for the major part of the time of personnel assigned to this activity: Farm Journal, Crown-Zellerbach Corp., Pillsbury Mills, Inc., Luria Bros. and Co., Inc., and A. G. Spalding and Co. The legal aspects of these cases are discussed in the summary of the work of the Bureau of Litigation. The principal contributions by rebuttal material

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## CONSULTATION

This bureau is composed of the Divisions of Trade Practice Conferences, Stipulations, and Small Business. Its functions are: (1) to seek voluntary compliance with the laws administered by the Commission by means of trade practice rules, conferences, stipulations, and other types of informal procedures; (2) to give informal advice (but not formal opinions) in matters under trade practice rules and stipulations; and (3) to advise small business informally on matters over which the Federal Trade Commission has jurisdiction.

Fiscal 1956 was a year of sharB 43.32 0 TD 0.0011 Tc 2.eOverB 43.u3.56 0 TD 0 Tc 92.snD 0 Tc



Disposition (July 1, 1955, to June 30, 1956)

Applications denied by the Commission	16
New industries for which T. P. C. rules were promulgated	10
Industries for which T. P. C. rules were revised and promulgated	4
Total number of industries for which rules were promulgated (New and Revision)	14
Total proceedings disposed of	30
Total proceedings pending June 30, 1956 (Authorized—15, Applications—22)	37
T. P. C. rules in force July 1, 1955	153
T. P. C. rules rescinded during year	4
New rules promulgated (including 1 consolidation of 3 previous sets)	11
T. P. C. rules in force June 30, 1956	160

During fiscal 1956 the Commission promulgated trade practice rules for 14 industries. Rules for 10 of these are new, and for the other four the existing rules were revised. The new rules are for the following industries: Accident and Health Insurance; Frozen Food; Nursery; Refrigeration and/or Air Conditioning Contracting; Corset, Brassiere and Allied Products; Diamond; Commercial Dental Laboratory; Blue Print and Diazotype Coaters; Plastics Housewares; and Melamine Dinnerware. The revised rules are for: Brick and Structural Clay Tile and Allied Products; Poultry Hatching and Breeding; Gummed Paper and Sealing Tape; and W731 0 TD 0rer0 TD -0 Tisting



Statistics relating to rule compliance activities of the Division during fiscal 1956, are during



practices which are shown by the facts to be unlawful.<sup>1</sup> Since the first stipulation was accepted by the Commission more than 30 years ago, over 8,800 stipulations providing for discontinuance of unlawful practices have been approved by the Commission.

In fiscal year 1956, the Commission approved 166 stipulations, the largest number of stipulations accepted in any fiscal year since the stipulation procedure was revised in 1946 to permit proposed respondents to submit facts and proposals reflecting their views and since the Division of Stipulations was created as a separate division within the Commission to perform stipulation functions.

### Stipulation Procedure

Matters appropriate for disposition by stipulation are referred for this procedure after investigation by the Bureau of Investigation. The proposed respondent is furnished with a statement of the acts or practices which, following investigation, appear to be unlawful and is accorded an opportunity to discuss the issues informally with a representative of the Commission.





In other stipulations, four companies agreed to stop representing their medicinal products as treatments for or as correcting the cause of neuritis, neuralgia, lumbago, arthritis or rheumatism.

Two

flowering plant will produce 75,000 blooms

- I. To give informal advice on a staff level to the small businessman, assisting him to conduct his business practices in keeping with these statutes;
2. To expedite through the Commission those matters involving practices which adversely affect small businessmen;

3. To perform liaison functions with the House and Senate Select Committees on Small Business, the Small Business Administration, and other agencies pertaining to small business matters.

Statistical Summary of Accomplishments

	Fiscal 1956
Matters on hand July 1, 1955 -----	50
Received during period -----	1226
Completed during period -----	1222
Matters on hand June 30, 1956 -----	54

The 1,222 matters completed during 1956, which include 547 conferences, represent an increase of 26 percent as compared with the preceding year..

Description of Work Performed

The problems presented to the division are varied and involve both unfair and deceptive acts and practices and matters in the antitrust field. The largest volume of work consists of informal advice to small businessmen in regard to the applicability of the various statutes administered by the Commission. The information or advice given concerns specific or individual problems, generally involving practices which the inquirer either is engaging in or intends to engage in or which are being engaged in by a competitor. Answers are supported by citations and documents in appropriate cases.

Problems which are the responsibility of other governmental agencies are transmitted to them, or if the answer is known to be available at a non-governmental agency the inquirer is referred to the proper source.

The services of this division are especially valuable to small businessmen who, without the safeguards afforded by the Commission, may not have the resources to enter or remain in a given field where unfair or restrictive business practices exist.

APPROPRIATIONS AND

13 Refunds, awards, and indemnities	-----	225
Total	-----	<u>4,547,163</u>

## SETTLEMENTS MADE UNDER FEDERAL TORT CLAIMS ACT

During the fiscal year 1956 the Commission paid no claims nor were any claims pending.

### COMPARATIVE APPROPRIATIONS

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					



## APPENDIXES

## Federal Trade Commissioners—1915-56

Name	State from which appointed	Period of service
Joseph E. Davies	Edward T. Tait	Wisconsin
Edward N. Hurley		Illinois
William J. Harris		Georgia
Will H. Parry		Washington
George Rublee		New Hampshire
William B. Colver		Minnesota
John Franklin Fort		New Jersey
Victor Murdock		Kansas
Huston Thompson		Colorado
Nelson B. Gaskill		New Jersey
John Garland Pollard		Virginia
John F. Nugent		Idaho
Vernon W. Van Fleet		Indiana
Charles W. Hunt		Iowa
William E. Humphrey		Washington
Abram F. Myers		Iowa
Edgar A. McCulloch		Arkansas
Garland S. Ferguson		North Carolina
Charles H. March		Minnesota
Ewin L. Davis		Tennessee
Raymond B. Stevens		New Hampshire
James M. Landis		Massachusetts
George C. Mathews		Wisconsin
William A. Ayres		Kansas
Robert E. Freer		Ohio
Lowell B. Mason		Illinois
John Carson		Michigan
James M. Mead		New York
Stephen J. Spingarn		New York
Albert A. Carretta		Virginia
Edward F. Howrey		Virginia
John W. Gwynne		Iowa
Robert T. Secrest		Ohio
Sigurd Anderson		South Dakota
William C. Kern		Indiana

Pennsylvania

Mar. 16, 1915-Mar.  
18, 1918.  
Mar. 16, 1915-Jan. 31,  
1917.  
Mar. 16, 1915-May  
31, 1918.  
Mar. 16, 1915-Apr.  
21, 1917.  
Mar. 16, 1915-May  
14, 1916.  
Mar. 16, 1917-Sept.  
25, 1920.  
Mar. 16, 1917-Nov.  
30, 1919.  
Sept. 4, 1917-Jan. 31,  
1924.  
Jan. 17, 1919-Sept. 25,  
1926.  
Feb. 1, 1920-Feb. 24,  
1925.  
Mar. 6, 1920-Sept. 25,  
1921.  
Jan. 15, 1921-Sept. 25,  
1927.  
June 26, 1922-July 31,  
1926.  
June 16, 1924-Sept.  
25, 1932.  
Feb. 25, 1925-Oct. 7,  
1933.  
Aug. 2, 1926-Jan. 15,  
1929.  
Feb. 11, 1927-Jan. 23,  
1933.  
Nov. 14, 1927-Nov.  
15, 1949.  
Feb. 1, 1929-Aug. 28,  
1945.  
May 26, 1933-Oct. 23,  
1949.  
June 26, 1933-Sept.  
25, 1933.  
Oct. 10, 1933-June 30,  
1934.  
Oct. 27, 1933-June 30,  
1934.  
Aug. 23, 1934-Feb. 17, 1952.  
Aug. 27, 1935-Dec. 31, 1948.  
Oct. 15, 1945-Oct. 31, 1956.  
Sept. 28, 1949-March 31, 1953.  
Nov. 16, 1949-Sept. 25, 1955.  
Oct. 25, 1950-Sept. 25, 1953.  
June 18, 1952-Sept. 25, 1954.  
April 1, 1953-Sept. 12, 1955.  
Sept. 26, 1953-  
Sept. 26, 1954-  
Sept. 12, 1955-  
Sept. 26, 1955-  
Nov 2, 1956-.



## Types of Unfair Methods and Practices

The following list illustrates unfair methods of competition and unfair or deceptive acts and practices condemned by the Commission from time to time in its orders to cease and desist. The list is not limited to orders issued during the fiscal year. Because of space limitation it does not include all of the specific practices outlawed by the Clayton Act and committed to the Commission's jurisdiction, namely, various forms of price discrimination, exclusive-dealing and tying arrangements, competitive stock acquisition, and

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## 12. Selling rebuilt, second-hand, renovated, or old

20. Using containers ostensibly of the capacity customarily associated by the purchasing public with standard weights or quantities of the product therein contained, or using standard containers only partially filled to capacity, so as to make it appear to the purchaser that he is receiving the standard weight or quantity.

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

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

(b) Making false claim of being the authorized distributor of some concern, or failing to disclose the termination of such relationship, in soliciting customers of such concern, or of being successor thereto or connected therewith, or of being the purchaser of competitor's business, or falsely representing that competitor's business has been

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

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

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

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

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

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

(g) Obtaining agents or representatives to distribute the seller's products through falsely promising to refund the money paid by them should the product prove unsatisfactory, or promising that the agent would be granted right to exclusive or new territory, would be given assistance by seller, or would be given special credit or furnished supplies, or overstating the amount of his earnings or the opportunities which the employment offers.

(h) Advertising a price for a product as illustrated or described and not including in such price all charges for equipment or accessories illustrated or described or necessary for use of the product or customarily included as standard equipment, and failing to include all charges not specified as extra.

23. Giving products misleading names so as to give them a value to the purchasing public which they would not otherwise possess, such as names implying falsely that—

(a) The products were made for the Government or in accordance with its specifications and of corresponding quality, or that the advertiser is connected with the Government in some way, or in some way the products have been passed upon, inspected, underwritten, or endorsed by it; or

(b) They are composed in whole or in part of ingredients or materials which in fact are present only to a negligible extent or not at all, or that they have qualities or properties which they do not have; or

(c) They were made in or came from some locality famous for the quality of such products, or are of national reputation; or

- (d) They were made by some well and favorably known process; or
- (e) They have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly, or giving such approval; or
- (f) They were made under conditions or circumstances considered of importance by a substantial part of the general purchasing public; or
- (g) They were made in a country, or city, or locality considered of importance in connection with the public taste, preference, or prejudice; or
- (h) They have the usual characteristics of value of a product properly so designated, as through use of a common, generic name, such as "paint," to designate a product lacking the necessary ingredients of paint; or
- (i) They are of greater value, durability, and desirability than is the fact, as labeling rabbit fur as "Beaver"; or
- (j) They are designed, sponsored, produced, or approved by the medical profession, health and welfare associations, hospitals, celebrities, educational institutions and authorities, such as the use of letters "M. D." and the words "Red Cross" and its insignia and words "Boy Scout."

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

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

26. Coercing and forcing uneconomic and monopolistic reciprocal dealing.

27. Entering into contracts in restraint of trade whereby foreign corporations agree not to export certain products to the United States in consideration of a domestic company's agreement not to export the same commodity, nor to sell to anyone other than those who agree not to so export the same.

28. Employing various false and misleading representations and practices attributing to products a standing, merit and value to the purchasing public, or a part thereof, which they do not possess, such practices including—

(a) Misrepresenting, through salesmen or otherwise, products' composition, nature, qualities, results accomplished, safety, value, and earnings or profits to be had therefrom.

(b) Falsely claiming unique status or advantages, or special merit therefor, on the basis of misleading and ill-founded demonstrations or scientific tests, or pretended widespread tests, or of pretended widespread and critical professional acceptance and use.

(c) Misrepresenting the history or circumstances involved in the making and offer of the products or the source or origin thereof (foreign or domestic), or of the ingredients entering therein, or parts thereof, or the opportunities brought to the buyer through purchase of the offering, or otherwise misrepresenting scientific or other facts bearing on the value thereof to the purchaser.

(d) Falsely representing products as legitimate, or prepared in accordance with...

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(g) Misrepresenting fabrics or garments as to fiber content; and, in the case of wool products, failing to attach tags thereto indicating the wool, reused wool, reprocessed wool or other fibers contained therein, and the identity of the manufacturer of qualified reseller, as required by the Wool Products Labeling Act, or removing or mutilating tags required to be affixed to the products when they are offered for sale to the public.

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

30. Shipping products at market prices to customers or prospective customers or to the customers or prospective customers of competitors without an order and then inducing or attempting by various means to induce the consignees to accept and purchase such consignments.

31. Inducing the shipment and sale of commodities through buyer's issuance of fictitious price lists and other printed matter falsely representing rising market conditions and demand, and leading seller to ship under the belief that he would receive prices higher than the buyer intended to or did pay.

## 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 su



but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissir

<sup>4</sup> Auditing of accounts was made a duty of the General Accounting Office by the Act of June 10, 1921, 42 Stat. 24.

Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the Commission in the exercise of the powers, authority, and duties conferred on it by this Act.

The principal office of the Commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The Commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 4. The words defined in this section shall have the following meaning when found in this Act, to wit:

"Commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

"Corporation" shall be deemed to include any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, which is organized to carry on business for its own profit or that of its members, and has shares of capital or capital stock or certificates of interest, and any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, without shares of capital or capital stock or certificates of interest, except partnerships, which is organized to carry on business for its own profit or that of its members.

"Documentary evidence" includes all documents, papers, correspondence, books of account, and financial and corporate records.

"Acts to regulate commerce" means the Act entitled "An Act to regulate commerce," approved February 14, 1887, and all Acts amendatory thereof and supplementary thereto and the Communications Act of 1934 and all Acts amendatory thereof and supplementary thereto.

"Antitrust Acts" means the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890; also sections 73 to 77, inclusive, of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1894; also the Act entitled "An Act to amend sections 73 and 76 of the Act of August 27, 1894, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes,'" approved February 12, 1913; and also the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914.

SEC. 5. (a)<sup>5</sup> (1) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

(2) Nothing contained in this Act or in any of the Antitrust Acts shall render unlawful any contracts or agreements prescribing minimum or stipulated prices, or requiring a vendee to enter into contracts or agreements prescribing minimum or stipulated prices, for the resale of a commodity which bears, or the label or container of which bears, the trade-mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are unlawful as applied to intrastate transactions under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in

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<sup>5</sup> Sec. 5 (a) is published as amended by Public Law 542, 82d Cong., ch. 745, 2d Sess., H. R. 5767, Approved July 14, 1952, 66 Stat. 631; 15 U. S. C. 47 (Federal Fair Trade Act [McGuire Act]).





which such resale is to be made, or to which the commodity is to be transported for such resale.

(3) Nothing contained in this Act or in any of the Antitrust Acts shall render unlawful the exercise or the enforcement of any right or right of action created by any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia, which in substance provides that willfully and knowingly advertising, offering for sale, or selling any commodity at less than the price or prices prescribed in

such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission may at any time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part, any report or order made or issued by it under this section, whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require: Provided, however, That the said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate circuit court of appeals of the United States, in the manner provided in subsection (c) of this section.

(c) Any person, partnership, or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the circuit court of appeals of the United States, within any circuit where the method of competition or the act or practice in question was used or where such person, partnership, or corporation resides or carries on business, by filing in the court, within sixty days<sup>6</sup> from the date of the service of such order, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission forthwith shall certify and file in the court a transcript of the entire record in the proceeding, including all the evidence taken and the report and order of the Commission. Upon such filing of the petition and transcript the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, evidence, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed, and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public or to competitors pendente lite. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. To the extent that the order of the Commission is affirmed, the court shall thereupon issue its own order commanding obedience to the terms of such order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, or make new findings, by reason of findings of the Commission or of the court that the Commission or the court has modified its findings, or of new facts which have been discovered since the Commission or the court has made its findings.

(d) The jurisdiction of the circuit court of appeals of the United States to affirm, enforce, modify, or set aside orders of the Commission shall be exclusive.

(e) Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

(f) Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the residence or the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its residence or principal office or place of business. The verified return by the person so serving said complaint, order, or other process shall be proof of the same, and the return post office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

(g) An order of the Commission to cease and desist shall become final—

(1) Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the Commission may thereafter modify or set aside its order to the extent provided in the last sentence or subsection (b); or

(2) Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission is final.

time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.

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

(1) Any person, partnership, or corporation who violates an order to the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense.<sup>7</sup>

SEC. 6. That the commission shall also have power—

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

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust Acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations.







in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

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

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken, and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it; Provided, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

Any person who shall willfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall willfully make, or cause to be



ment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this Act to file any annual or special report shall fail so to do within the time fixed by the Commission for filing the same, and such failure shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any officer or employee of the commission who shall make public any information obtained by the commission without its authority, unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by fine and imprisonment, in the discretion of the court

SEC. 11. Nothing contained in this Act shall be construed to prevent or interfere with the enforcement of the provisions of the antitrust Acts or the Acts to regulate commerce, nor shall anything contained in the Act be construed to alter, modify, or repeal the said antitrust Acts or the Acts to regulate commerce or any part or parts thereof.

SEC. 12. (a) It shall be unlawful for any person, partnership, or corporation to disseminate, or cause to be disseminated, any false advertisement—

(1) By United States mails, or in commerce by any means for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food, drugs, devices, or cosmetics; or

(2) By any means, of a purpose pBy 8 SJ 13.Tj -409 TD 5c Corp 1640 TD 906280c (16-01) Tj 4



particular issue of such publication would delay the delivery of such issue after the regular time therefor, and

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

SEC. 14.<sup>9</sup> (a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement













in which such commodities are to such purchasers sold or delivered: Provided, however, That the Federal Trade Commission may, after due investigation and hearing to all interested parties, fix and establish quantity limits, and revise the same as it finds necessary, as to particular commodities or classes of commodities, where it finds that available purchasers in greater quantities are so few as to render differentials on account thereof unjustly discriminatory or promotive of monopoly in any line of commerce; and the foregoing shall then not be construed to permit differentials based on differences in quantities greater than those so fixed and established: And provided further, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade: And provided further, That nothing herein contained shall prevent price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

(b) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price of services or facilities furnished the burden of rebutting the prima facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: Provided, however, That nothing herein contained shall prevent a seller rebutting the prima facie case thus made by showing that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor.

(c) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other

of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition,

SEC. 4. That any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides, or is found, or has an agent, without respec

substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to

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<sup>3</sup> Section 7, and also section 11, of the Clayton Act appear here in the form into which they were amended by Act of Dec. 29, 1950 (P. L. 899; 64 Stat. 1125; 15 U. S. C. 18).

prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: Provided, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Civil Aeronautics Board, Federal Communications Commission, Federal Power Commission, Interstate Commerce Commission, the Securities and Exchange Commission in the exercise of its jurisdiction under section 10 of the Public Utility Holding Company Act of 1935, the United States Maritime Commission, or the Interstate Commerce Commission.

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aggregating more than \$1,000,000, engaged in whole or in part in commerce, other than banks, banking associations, trust companies, and common carriers subject to the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, if such corporations are or shall have been theretofore, by virtue of their business and location of operation, competitors, so that the elimination of competition by



director, agent, manager or officer thereof who shall have knowingly voted for or directed the act constituting such violation or who shall

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<sup>4</sup> Repealed by Act of June 25, 1948, c. 645 (62 Stat. 683), which revised, codified, and enacted into "positive law" Title 18 of the Code (Crimes and Criminal Procedure. Said act reenacted said matter as to substance, as 18 U. S. C., Sec. 660 (62 Stat. 730).



have aided or abetted in such violation shall be deemed guilty of a misdemeanor and shall be fined not exceeding \$5,000, or confined in jail not exceeding one year, or both in the discretion of the court.

SEC. 11.<sup>5</sup> That authority to enforce compliance with sections 2, 3, 7, and 8 of this Act by the persons respectively subject thereto is hereby vested in the Interstate Commerce Commission where applicable to common carriers subject to the Interstate Commerce Act, as amended; in the Federal Communications Commission where applicable to common carriers engaged in wire or radio communication or radio transmission of energy; in the Civil Aeronautics Board where applicable to air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938; in the Federal Reserve Board where applicable to banks, banking associations, and trust companies; and in the Federal Trade Commission where applicable to all other character of commerce to be exercised as follows:

Whenever the Commission or Board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections

file such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendations, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The

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<sup>5</sup> Section 11, also section 7, of the Clayton Act appear here in the form into which they were amended by Act of Dec. 29, 1950 (P. L. 899; 64 Stat. 1125; 15 U. S. C. 21).

judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section 1254 of title 28, United States Code.

Any party required by such order of the Commission or Board to cease and desist from a violation charged may obtain a review of such order in said United States court of appeals by filing in the court a written petition praying that the order of the Commission or Board be set aside. A copy of such petition shall be forthwith served upon the Commission or Board, and thereupon the Commission or Board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the Commission or Board as in the case of an application by the Commission or Board for the enforcement of its order, and the findings of the Commission or Board as to the facts, if supported by substantial evidence, shall in like manner be conclusive.

The jurisdiction of the United States court of appeals to enforce, set aside, or modify orders of the Commission or Board shall be exclusive.

Such proceedings in the United States court of appeals shall be given precedence over cases pending therein, and shall be in every way expedited. No order of the Commission or Board or the judgment of the court to enforce the same shall in anywise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the Commission or Board under this section may be served by anyone duly authorized by the Commission or Board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth

setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition, the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition, and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises. Whenever it shall appear to the court before which any such pro-



same.

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<sup>6</sup> See second paragraph of footnote 8 on page 100.

<sup>7</sup> See second paragraph of footnote 8 on page 100.



If the accused be found guilty, judgment shall be entered accordingly, prescribing the punishment, either by fine or imprisonment, or both, in the discretion of the court. Such fine shall be paid to the United States or to the complainant or other party injured by the act constituting the contempt, or may, where more than one is so damaged, be divided or apportioned among them as

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<sup>7</sup> See footnote 8 on pages 99, 100.



the court may direct, but in no case shall the fine to be paid to the United States exceed, in case the accused is a natural person, the sum of \$1,000, nor shall such imprisonment exceed the term of six months: Provided, That in any case the court or a judge thereof may, for good cause shown, by affidavit or proof taken in open court or before such judge and filed with the papers in the case, dispense with the rule to show cause, and may issue an attachment for the arrest of the person charged with contempt; in which event such person, when arrested, shall be brought before such court or a judge thereof without unnecessary delay and shall be admitted to bail in a reasonable penalty for his appearance to answer to the charge or for trial for the contempt; and thereafter the proceedings shall be the same as provided herein in case the rule had issued in the first instance.

SEC. 23.<sup>8</sup> That the evidence taken upon the trial of any persons so accused may be preserved by bill of exceptions, and any judgment of conviction may be reviewed upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require. Upon the granting of such writ of error, execution of judgment shall be stayed, and the accused, if thereby sentenced to imprisonment, shall be admitted to bail in such reasonable sum as may be required by the court, or by any justice or any judge of any district court of the United States or any court of the District of Columbia.

SEC. 24.<sup>8</sup> That nothing herein contained shall be construed to relate to contempt committed in the presence of the court, or so near thereto as to obstruct the administration of justice, nor to contempts committed in disobedience of any lawful writ, process, order, rule, decree, or command entered in any suit or action brought or prosecuted in the name of, or on behalf of, the United States, but the same, and all the other cases of contempt not specifically embraced within section twenty-one of this Act, may be punished in conformity to the usages at law and in equity now prevailing.

SEC. 25.<sup>8</sup> That no proceeding for contempt shall be instituted against any person unless begun within one year from the date of the act complained of; nor shall any such proceeding be a bar to any criminal prosecution for the same act or acts; but nothing herein contained shall affect any proceedings in contempt pending at the time of the passage of this Act.

SEC. 26. If any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Approved, October 15, 1914.

## Flammable Fabrics Act

(Approved June 30, 1953; 67 Stat. 111; 15 U. S. C. Sec. 1191)  
[PUBLIC—NO. 88—83D CONGRESS, CH. 164—1ST SESS.]

[H. R. 5069]

AN ACT To prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn by individuals, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

### SHORT TITLE

SECTION 1. This Act may be cited as the "Flammable Fabrics Act."

### DEFINITIONS

SEC. 2. As used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other form of business enterprise.

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<sup>8</sup> Sections 21 to 25, inclusive, were repealed by Act of June 25, 1948, c. 645 (62 Stat. 683), which revised, codified, and enacted into "positive law," Title 18 of the Code (Crimes and Criminal Procedure). Said act reenacted said matter, excluding Section 23, as to substance, as 18 U. S. C., Section 402 (as amended by Public Law 72, May 21, 1949, 81st







or restraining order shall be granted without bond.

(b) Whenever the Commission has reason to believe that any article of wearing apparel has been manufactured or introduced into commerce or any fabric has been introduced in commerce in violation of section 3 of this Act, it may institute proceedings by process of libel for the seizure and confiscation of such

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<sup>1</sup> Subparagraph (c) added by Public No. 629, 83d Cong., Ch. 833, Second Session, S. 3379 (An Act to amend section 4 of the Flammable Fabrics Act, with respect to standards of flammability in the case of certain textiles), approved Aug. 23, 1954.

article of wearing apparel or fabric in any district court of the United States within the jurisdiction of which such article of wearing apparel or fabric is found. Proceedings in cases instituted under the authority of this section shall conform as nearly as may be to proceedings in rem in

commerce within the meaning of the Federal Trade Commission Act.

#### SHIPMENTS FROM FOREIGN COUNTRIES

SEC. 9. Any person who has exported or who has attempted to export from any foreign country into the United States any wearing apparel or fabric which,







competitors rather than capital stock.<sup>4</sup> (See also under Farm Implements and Independent Harvester Co.)

Agricultural Income (Congress).—Investigating a decline in agricultural income and increases or decreases in the income of corporations manufacturing and dist

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

In the Final Report on the Chain-Store Investigation (S. Doc. 4, 74th, 110 p., o. p., 12/14/34), legal remedies available to combat monopolistic tendencies in chain-store development were discussed.<sup>7</sup> The Commission's recommendations pointed the way to subsequent enactment of the Robinson-Patman Act (1936)

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. 1107, 65th, 3 p., o. p., 5/15/18), recommending legislation striking at this practice; Commercial Bribery (S. Doc. unnumbered, 65th, 36 p., o. p., 8/22/18); and Commercial Bribery (S. Doc. 258, 66th, 7 p., o. p., 3/18/20).

Concentration in Manufacturing, Changes in, 1935 to 1947 and 1950 (F. T. C.).— This 153-page report shows that, on the basis of a study of the top 200 companies, concentration in American manufacturing was 2.8 percentage points higher in 1950 than in 1935. The report explores the reasons for the changes in recorded concentration in individual industries

Concentration of Productive Facilities (F. T. C.).—In a study of the extent of concentration of economic power, the Commission reported that 46 This fact (F. T. C.).—

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.

In 1947 the Commission published *The Present Trend of Corporate Mergers* (23 p., o. p.) This is a review of some of the economic effects of the loophole in the Clayton Act existing at that time in the fact that there was no prohibition against mergers by the acquisition of assets.

In 1948 the Commission published *The Merger Movement: A Summary Report* (134 p., o. p., also 7 p. processed summary). In this report the legal history of the antimerger provisions of the Clayton Act is reviewed. Significant individual mergers are examined in detail. Maps, diagrams, charts and tabular statistical materials are used to illustrate the economic effects of the then in force antimerger legislation.

The *Report on Corporate Mergers and Acquisitions* (210 p.) was published in May 1955. This study, bringing up to date much of the statistical material in the 1947 and 1948 reports, showed, among other things, that 1,773 formerly independent competitive firms in manufacturing and mining industries alone had disappeared in the period 1947-54 as a disappeared mergers



trade, there were no substantial antitrust violations (Report of the F. T. C. on Commercial Feeds, 206 p., o. p., 3/29/21).

Fertilizer (Senate).—Begun by the Commissioner of Corporations <sup>8</sup> (S. Res. 487, 62d, 3/1/13), this inquiry disclosed extensive use of bogus independent fertilizer companies for competitive purposes (Fertilizer Industry, S. Doc. 551, 64th, 269 p., o. p., 8/19/16). Agreements for abolition of such unfair competition were reached.

Fertilizer (Senate).—A second fertilizer inquiry (S. Res. 307, 67th, 6/17/22) developed that active competition generally prevailed in that industry in the U. S., although in some foreign countries combinations controlled certain important raw materials. The Commission recommended improved agricultural credits and more extended cooperation by farmers in buying fertilizer (Fertilizer Industry, S. Doc. 347, 67th, 87 p., o. p., 3/3/23).

Fertilizer (F. T. C.).—The Commission's 1949 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 low enough to facilitate maintenance of soil fertility. The Nation's resources of nitrogen, phosphate, and potash are discussed, and the inter-relationships of producers and mixers are reviewed. The report also summarizes available information concerning cartel control of nitrogen, phosphates, and potash.

Fish.—See Distribution Methods and Cost.

Flags (Senate), Wartime, 1917-18.—Unprecedented increases in the prices of U. S. flags in 1917, due to wartime demand, were investigated (S. Res. 35, 65th, 4/16/17). The inquiry was reported in Prices of American Flags (S. Doc 82, 65th, 6 p., o. p., 7/26/17).

Flour Milling.—See Food, below.

Food (President), Wartime, 1917-18.—President Wilson, as a wartime emergency measure (2/7/17), directed the Commission "to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs" and "to ascertain the facts bearing on alleged violations of the antitrust acts." Two major series of reports related to meat packing and the grain trade with separate inquiries into flour milling, canned vegetables and fruits, canned salmon, and related matters, as listed below.

Food (President) Continued—Meat Packing.—Food





was sufficient to supply the population of England, Scotland, and Wales with a daily ration of one-third of a loaf for 30 days, the population of France for 36 days, or the population of Finland for nearly 1 year. The Commission suggested that "a careful

of canned-milk prices to consumers, the Report of the F. T. C. on Milk and Milk Products 1914-18 (6/6/21, 234 p., o. p.) showed a marked concentration of control and questionable practices many of which later were recognized by the industry as being unfair.

Food—Milk and Dairy Products (House).—Competitive conditions in different milk-producing areas were investigated (H. Con. Res. 32, 73d, 6/15/34). Results of the inquiry were published in seven volumes: Report of the F. T. C. on the Sale and Distribution of Milk Products, Connecticut and Philadelphia Milksheds (H. Doc. 152, 74th, 901 p., o. p., 4/5/35) ; Report of the F. T. C. on the Sale and Distribution of Milk and Milk Products (Connecticut and Philadelphia milksheds, interim report, H. Doc. 387, 74th, 125 p., o. p., 12/31/35) ; Chicago Sales Area (H. Doc. 451, 74th, 103 p., o. p., 4/15/36) ; Boston, Baltimore, Cincinnati, St. Louis (H. Doc. 501, 74th, 243 p., o. p., 6/4/36); Twin City Sales Area (H. Doc. 506, 74th, 71 p., o. p., 6/13/36) ; and New York Milk Sales Area (H. Doc 95, 75th, 138 p., o. p., 9/30/36). The Commission reported that many of the industry's problems could be dealt with only by the States and recommended certain legislation and procedure, both by the States and by the Federal Government.

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Foreign Trade—Cooperation in American Export Trade (F. T. C.).—This inquiry related to competitive conditions affecting Americans in international trade. The Export Trade Act, also known as the Webb-Pomerene law, authorizing the association of U. S. manufacturers for export trade, was enacted as a result of Commission recommendations (Cooperation in American Export Trade, 2 vols., 984 p., o. p., 6/30/16; also summary, S. Doc. 426, 64th, 7 p., o. p., 5/2/16; and conclusions 1916. 14 p., o. p.).

Foreign Trade—Cotton Growing Corporation (Senate).—The report of an inquiry (S. Res 317, 68th, 1/27/25) concerning the development of this British company, Empire Cotton Growing Corporation (S. Doc. 226, 68th, 30 p., o. p., 2/28/25), showed there was then little danger of serious competition with the American grower or of a possibility that ~~the~~ ~~1921~~ ~~by~~ ~~the~~ ~~190~~ ~~TDD~~ ~~004~~ ~~1~~ ~~Tc~~ ~~Tj~~ ~~Grain~~ ~~j~~ ~~3.2~~ ~~See~~ ~~Food~~ ~~t~~ ~~h~~ ~~a~~ ~~1~~

soda to which organized groups of American and European alkali producers were parties from 1924 until 1946.

International Electrical Equipment Cartel (F. T. C.).—In its 1948 report on this subject (107 p., also 10 p. processed summary) the Commission points out the high degree of economic concentration in the electrical equipment industry which exists in each of the important industrial nations.

International Petroleum Cartel.—A staff study of the activities of the seven major oil companies in relation to control over the international oil industry. Staff Report to the Federal Trade Commission submitted to the Subcommittee on Monopoly of the Select Committee on Small Business, U. S. Senate Committee print No. 6, 82d Cong.—2d sess. 378 p., o. p., 1952.

International Phosphate Cartels (F. T. C.).—The F. T. C. Report on International Phosphate Cartels (F. T. C. Res. 9/19/44) developed facts with respect to the practices, arrangements and agreements between domestic phosphate companies and foreign competitors through international cartels, through which minimum export prices were fixed. These prices varied from market to market, depending upon competition, ocean freight rates, and other factors. The agreements established fixed quotas in each grade, and sales were allocated among members of the Phosphate Export Association according to their quotas and the grade involved. The report (processed, 60 p.) was transmitted to Congress 5/1/46.

International Steel Cartels (F. T. C.).—A report to Congress concerning numerous cartel agreements relating to steel which were adopted between World War I and World War II. Certain American companies participated in these agreements, which were both national and international in scope. The international agreements allotted quotas to the different national groups, fixed prices in the export trade, and established reserved and unreserved areas. (International Steel Cartels (1948), 115 p., o. p., also 12 p. processed summary.)

Iron Ore.—See Control of Iron Ore.

Large Manufacturing Companies (F. T. C.).—This 1951 report, entitled A List of 1,000 Large Manufacturing Companies, Their Subsidiaries and Affiliates, 1948, shows for each of the 1,000 largest manufacturing corporations which publish financial statements the percentage of stock interest held by the corporation in each of its subsidiaries and affiliates. The parent corporations are grouped in 21 major industries and ranked as to size on the basis of their total assets in 1948, 223 p., o. p., 6/1/51.

Leather and Shoes (F. T. C. and House), Wartime, 1917-18.—General complaint regarding high prices of shoes led to this inquiry, which is reported in Hide and Leather Situation, preliminary report (H. Doc. 857, 65th, 5 p., o. p., 1/23/18), and Report on Leather and Shoe Industries (180 p., o. p., 8/21/19). A further study (H. Res. 217, 66th, 8/19/19) resulted in the Report of the F. T. C. on Shoe and Leather Costs and Prices (212 p., o. p., 6/10/21).

Lumber—Costs.—See Wartime Cost Finding, 1917-18.

Lumber Trade Associations (Attorney General).—The Commission's extensive survey of lumber manufacturers' associations (referred to F. T. C., 9/4/19) resulted in Department of Justice proceedings against certain associations for alleged antitrust law violations. Documents published were: Report of the F. T. C. on Lumber Manufacturers' Trade Associations, incorporating regional reports of 1/10/21, 2/18/21, 6/9/21, and 2/15/22 (150 p., o. p.); Report of the F. T. C. on Western Red Cedar Association, Lifetime Post Association, and Western Red Cedarmen's Information Bureau (22 p., o. p., 1/24/23), also known as Activities of Trade Associations and Manufacturers of Posts and Poles in the Rocky Mountain and Mississippi Valley Territory (S. Doc. 293, 67th, o. p.);





preliminary (S. Doc. 3, 65th, 12 p., o. p., 3/3/17; Report of the F. T. C. on the Newsprint Paper Industry (S. Doc. 49, 65th) 162 p., o. p., 6/13/17); and Newsprint Paper Investigation (in response to S. Res. 95, 65th, 6/27/17; S. Doc. 61, 65th, 8 p., o. p., 7/10/17) ].

Paper—Newsprint (Senate).—The question investigated (S. Res. 337, 70th, 2/27/29) was whether a monopoly existed among newsprint manufacturers and distributors in supplying paper to publishers of small dailies and weeklies (Newsprint Paper Industry, S. Doc. 214, 71st, 116 p., o. p., 6/30/30).

Petroleum.—See International Petroleum Cartel.

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tion for the years 1896–1943 was made at the request of the Director of Procurement, United States Treasury, and the report thereon was introduced into the record in the corporation's electric rate case before the District of Columbia Public Utilities Commission.

Power—Electric (Senate).—This inquiry (S. Res. 329, (ocurement,

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before and after adoption of its N. R. A. code (Study of Zone-Price Formula in Range Boiler Industry, 5 p., processed, 3/30/36, a summary based on the complete report which was submitted to Congress but not printed).

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

Profiteering (Senate), Wartime, 1917-18.—Current conditions of profiteering (S. Res. 255, 65th, 6/10/18) as disclosed by various Commission investigations were reported by the Commission to the Senate in its report on the subject, dated October 1, 1918, and published in the Senate Report on the subject, dated October 1, 1918, page 16.



mitted to fix by contract the price at which purchasers should resell them, led to the first inquiry, resulting in a report, Resale Price Maintenance (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., 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 and enforcement of minimum resale price maintenance contracts, and the effects of the operation of such contracts upon consumer prices and upon sales volumes of commodities in both the price-maintained and nonprice-maintained categories.

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

Salaries (Senate).—The Commission investigated (S. Res. 75, 73d, 5/29/33) salaries of executives and directors of corporations (other than public utilities) engaged in interstate commerce, such corporations having the

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prevailing did not appear to be a result of controlling necessity and seemed questionable as a business policy (Stock Dividends, S. Doc. 26, 70th, 273 p., 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), o. p., 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 financial tabulations processed 42 p., o. p.) ; Report of the F. T. C. on the Textile Industries in 1933 and 1934, Parts I to IV, 8/1/35 to 12/5/35, 129 p., o. p. ; Parts II and III, o. p. (Part IV, processed, 21 p., o. p. ; accompanying tables, processed, 72 p., o. p.) ; Cotton Spinning Companies Grouped by Types of Yarn Manufactured During 1933 and 1934, 1/31/36, 20 p., processed, o. p. ; Cotton Weaving Companies Grouped by Types of Woven Goods Manufactured During 1933 and 1934, 3/24/36, 48 p., processed, o. p. ; Textile Industries in the First Half of 1935, Parts I to III, 5/22/36 to 8/22/36, 119 p., processed, o. p. ; Textile Industries in the Last Half of 1935, Parts I to III, 11/20/36 to 1/6/37, 155 p., processed, o. p. ; and Textile Industries in the First Half of 1936, Parts I to III, 1/21/37 to 2/11/37, 163 p., processed, o. p.

Textiles—Combed Cotton Yarns.—High prices of combed cotton yarns led to this inquiry (H. Res. 451, 66th, 4/5/20) which disclosed that while for several years profits and prices had advanced, they declined sharply late in 1920 (Report of the F. T. C. on Combed Yarns, 94 p., o. p., 4/14/21).

Textiles—Cotton Growing Corporation.—See Foreign Trade.

Textiles—Cotton Merchandising (Senate).—Investigating abuses in handling consigned cotton (S. Res. 252, 68th, 6/7/24), the Commission made recommendations designed to correct or

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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 in the Flue-Cured Districts of the States of North Carolina and Georgia, 54 p., o. p., processed, 5/23/31).

Tobacco Prices (Congress).—Inquiries with respect to a decline of loose-leaf tobacco prices following the 1919 harvest (H. Res. 533, 66th, 6/3/20) and low tobacco prices as compared with high prices of manufactured tobacco products (S. Res. 129, 67th, 8/9/21) resulted in the Commission recommending modification of the 1911 decree (dissolving the old tobacco trust) to prohibit permanently the use of common purchasing agencies by certain companies and to bar their purchasing tobacco under any but their own names (Report of the F. T.





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 1946.

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

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

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 10/3/42, of concerns named by it to determine whether orders had been improperly related to secure capital equipment or whether orders that had been reredated had been extended for the purpose (to determine) Tj -423.84 -25 4.44Int

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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 transmitted to O. P. A. in Sept. 1941.

Insignia Manufacturers (W. P. B.), Wartime, 1944-45.—Preliminary studies made by the War Production Board disclosed the probability that certain insignia manufacturers had acquired larger quantities of foreign silver than necessary to fill legitimate orders and diverted the balance to unauthorized uses. In response to W. P. B.'s request the Commission surveyed the acquisition and use of foreign silver by such manufacturers to B. Bush

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Nickel Processors (W. P. B.), Wartime, 1942-43.—The Commission was designated by the War Production Board to investigate the transactions of some 600 nickel processors for the purpose of determining the extent to which they were complying with W. P. B. Preference Order No. M-6-a, issued 9/30/41, and Conservation Order M-6-b, issued 1/20/42. The investigation was conducted concurrently with a survey of chromium processors.

Optical Decree (Attorney General).—The Commission investigated (inquiry referred to F. T. C. 8/12/52) the manner in which an antitrust consent decree entered (Sept. 1948) against the American Optical Company and others, restraining them from discriminating concurrently. Commission

determine the extent to which they had complied with the copper orders, that is, W. P. B. General Preference Order No. M-9-a, Supplemental Order No. M-9-b, and Conservation Order m-9-c, as amended.

Silverware Manufacturers and Silver Suppliers (W. P. B.), Wartime, 1942-43.--The activities of silverware manufacturers and silver suppliers under W. P. B. Conservation and Limitation Orders m-9-a, b, and c, m-100 and L-140 were investigated and reported on at the request of the War Production Board.

Sisal Hemp (Senate).—The Commission assisted the Senate Committee on Agriculture and Forestry in an inquiry (S. Res. 170, 64th, 4/17/16) and advised how certain quantities of hemp promised by the Mexican sisal trust, might be fairly distributed among American distributors of binder twine (Mexican Sisal Hemp, S. Doc. 440, 64th, 8 p., o. p., 5/9/16). The Commission's distribution plan was adopted.