

Annual
Report
of the

**FEDERAL
TRADE
COMMISSION**

For the Fiscal Year Ended
June 30, 1960

Federal Trade Commission

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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-sixth Annual Report of the Federal Trade Commission, covering its accomplishments during the fiscal year ended June 30, 1960.

By direction of the Commission.

EARL W. KINTNER,
Chairman.

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

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Chapter One

firms as possible. In many cases, of course, simultaneous actions could not be undertaken without unduly delaying justice, whereupon the Commission followed its historic pattern of bringing individual cases to serve the dual purpose of halting specific violations of the law and identifying the shoals of illegality for the guidance of business and the public.

Of the broad scale corrective actions, the most significant was the precedent breaking effort to halt widespread violations of the Robinson-Patman amendment to the, Clayton Act. Here , two pronged attack was mounted, with one objective to educate businessmen to the R-P Act's prohibitions against illegal promotional allowances and services (principally advertising allowances), and the

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they had induced or received illegal advertising or promotional allowances.

Another and much more publicized cleanup of a wide area of law violation involved "payola," the practice of phonograph record distributors to make secret payments to "diskjockeys" to induce them to exaggerate the popularity of certain musical recordings. Because this deception had been practiced on so many millions of radio and television listeners, its disclosure became front-page news throughout the country. The Commission issued 98 formal complaints and 54 consent orders from December 1959 to the end of the fiscal year.

Three other noteworthy actions marked the Commission's determination to make fullest use of broad-scale efforts to enforce the law as a means of augmenting the traditional and necessary adversary proceedings against individual offenders. One of these actions was the issuance of a Guide exposing the trickery of bait advertising; another was aimed at deceptive advertising of guarantees on all kinds of products. Not only did the issuance of these two guides serve notice on sellers that the Commission had defined for them a legal danger zone, but their potential victims were alerted to the workings of these two forms of unsavory salesmanship. The third noteworthy action was small in immediate impact but large in potential. This was an investigation of several retail furniture dealers in Washington, D.C., to determine whether they were using fictitiously high "original" prices in order to make the selling prices appear to be bargains. It soon was evident, that the practice was general in the District of Columbia, whereupon all furniture dealers were invited to correct the practice simultaneously. They agreed. Thus, without litigation and without putting any firm at a competitive disadvantage in the process, fictitious pricing of furniture was eliminated in the area. Similar simultaneous cleanups of other areas of false advertising were being planned at the year's end.

While actions involving multiple respondents have the twin merits of halting illegal practices on a broad scale and of not penalizing a few for the sins of many, law enforcement cannot be delayed for convenient groups of violators. Therefore, most of the Commission's actions were directed against alleged illegal acts of individual respondents in individual situations.

The bare statistics tell, in part, the story. Total complaints (503) and total orders (346) exceed, any year's output in the Commission's history. Antimonopoly complaints reached a record 157 compared with 79 in fiscal 1959, while complaints against deceptive practices were 346 compared to 271 the year before. Deceptive practice orders were 289 compared to 267 the year before. Only in be wets a

appliances) ; General Natural Gas Corp., Monticello, N.Y. (bottled gas) ; and Pressman Toy Corp., New York City (toys).

Increasing emphasis was given the enforcement of the R-P Act's prohibition against the granting of discriminatory advertising and promotional allowances. A total of 44 complaints and 34 orders were issued against this practice during the year. The Commission also, moved to prevent economically powerful buyers from coercing suppliers to grant them discriminatory promotional aids. In five important proceedings, the complaints named both the buyers and their suppliers, the former under section 5 of the FTC Act and the latter under section 2 (d) of the R-P Act. These cases were brought against two grocery chains, a manufacturer of plumbing, heating, and kitchen equipment, an association of toy wholesalers, a printing equipment company, and representative suppliers of each.

In this area of law enforcement was a complaint against R. H. Macy & Co., Inc., of New York City, charging that it had induced nearly 600 suppliers into contributing more than a half million dollars toward the cost of the company's 1958 centennial celebration. Another group of actions resulted in orders against five of the Nation's largest cigarette manufacturers to stop discriminating in the payment of advertising and promotional allowances.

It could be presumed that this intensification of formal actions to halt illegal promotional allowances had the effect of inviting a more thoughtful reading by businessmen at the Commission's Robinson-Patman Guide on this subject.

Another major area of stepped-up enforcement of the R-P Act was directed against sellers paying unlawful brokerage to persons or firms purchasing on their own account for resale. As already mentioned, this was the subject of an industrywide attack in the sale of citrus fruit; it also was prosecuted vigorously against sellers of seafood on the west coast and against brokers and buyers of Florida citrus (index 493456Exa3C2m .sa) Tj 37.8 0 TD 0 Tc () Tj

The Commission successfully challenged the practice by Procter & Gamble Co., the Nation's largest producer of soaps, detergents, etc., to enter into unlimited exclusive contracts with manufacturers of automatic washing and dishwashing machines to pack samples of P & G soap detergents and bleaches in the appliances. The Commission issued an order prohibiting such contracts on grounds that they illegally restrain trade by foreclosing competing detergent manufacturers from engaging in free sampling contracts and from receiving the prestige of endorsements at both the manufacturer

against sellers of household appliances; however, because the bait advertising idea also caught on with operators in the home improvement field, the Commission issued four complaints against builders and installers of house shells, kitchens, bathrooms, roofs, storm windows, carports, patios, and garages.

The so-called "business opportunity" rackets continued to receive Commission attention. Most of these cases involved the advertising of part-time, easy work and startling profits to be made from a small investment in vending machines. The falsity, of course, was in the highly exaggerated claims for the potential profits. For example, the Commission brought a complaint against a midwestern manufacturer charging him with falsely advertising that an investment of less than \$3,000 in electronic testing equipment could produce a monthly income of \$650. Also alleged to be false were the manufacturer's assurances to purchasers that he would establish a profitable route of locations for the machines and relocate or repurchase any that might be unprofitably placed. The complaint noted that when the sale had been consummated the manufacturer had no further concern with the buyer.

The Commission's ceaseless efforts to halt one of the cruelest of all forms of false advertising continued with six complaints against spurious correspondence schools. Here the misrepresentations were the sadly familiar exaggerations of job opportunities, salaries paid to graduates, and the qualifications of the course to equip a student to enter a field of knowledge. Dangling such enticements before the youthful and the ambitious, the schools pursued their dominant purpose to collect tuition fees.

The fiscal year also witnessed vigorous enforcement of the Wheeler-Lea amendment to the FTC Act'. Under this authority, the Commission challenged false advertising of health shoes, trusses, dietary bread, and an alleged weight-reducing vibrating couch. Also, an industrywide attack was made on the advertising of corneal contact lenses as being comfortable for all who would wear them. Simultaneous complaints against 10 sellers of these lenses from coast to coast alleged that a significant number of persons cannot wear them successfully and virtually all will experience initial discomfort. Also challenged were claims that the lenses would correct all defects in vision.

An unusual case, wherein the ego rather than the health of customers was involved, was brought against Arthur Murray, Inc., the licensor of some 450 "Arthur Murray Studios" throughout the world. Challenged by the Commission were deceptive promotional schemes whereby "winners" of contests were flattered into purchasing dancing instructions, ranging in price from \$20 an hour to \$12,000 for 1,200 hours.

the Third Circuit. The 25 civil penalty suits certified to the Attorney General more than doubled the number of such suits filed in any year since 1947 when the Compliance Division was established. Moreover, the step-up in compliance activity promises to increase even more due to the ever larger number of outstanding orders, plus the fact that on July 23, 1959, the President signed Public Law 86-107 which gives

and chicanery must wilt and shrivel under the light of industrywide understanding of what the law requires. Certainly, illegal practices become more conspicuous and hence more vulnerable.

At the close of the fiscal year, 161 industries operated under trade practice rules promulgated for them by the Commission after full and open hearings. New rules had been set forth for the Tire and Tube Repair Material Industry, and revised rules had been promulgated for the highly competitive Jewelry Industry and for the Woodworking Machinery Industry. In addition, revised rules for the Hosiery Industry were submitted to the Commission for approval. Trade Practice proceedings for several other industries, including Wholesale Optical, Hearing Aid, Luggage and Related Products, and Feather and Down, were advanced during the year. At the same time, attention was given to maintaining compliance with existing rules, and 774 alleged violations were satisfactorily corrected.

To augment its efforts to achieve compliance with TPC rules by individual businesses, the Bureau of Consultation inaugurated a further program designed to encourage industrywide compliance on a voluntary basis. The first of a series of conferences to this end was held for members of the jewelry industry on June 10, 1960, in New York City.

Trade practice rules are essential for the education and guidance of an industry. No penalty attaches to a violation of a rule as such. However, inasmuch as the rules reflect the Commission's interpretation of the law's requirements, a rule violation may lead to formal complaint proceedings or, if less serious, to disposition through a stipulation agreement.

The Commission's Bureau of Consultation negotiates stipulations whereby parties informally agree to cease and desist from certain practices of a less serious nature. In such agreements, the respondent, without admitting any violation of law, agrees to cease and desist from the objectionable practice. Altogether, 112 stipulations were entered into by respondents during 1960, and, of these, the Commission approved 103 with others still pending. The agreements cover a miscellany of deceptive practices, mostly advertising misrepresentations.

In the field of economics, the principal activity of the Bureau of Economics was completion of the first phase of its "Economic Inquiry into Food Marketing." Returns from questionnaires sent to chainstores, voluntary groups,

stores) and the decline of the independent grocer. However, the report concluded that retailer-owned cooperatives and wholesaler-sponsored "voluntary groups" of retailers "have shown a capacity for effective competition with the corporate chains."

The growth of food chains and organized groups of independent retailers at the expense of unaffiliated grocers was particularly noticeable in the 15 metropolitan areas selected by the Commission for special study. These were: Altoona, Pa.; Atlanta, Ga.; Bridgeport, Conn.; Denver, Colo.; Des Moines, Iowa; Fort Smith, Ark.; Indianapolis, Ind.; Lubbock, Tex.; Manchester, N.H.; Peoria, Ill.; Phoenix, Ariz.; Roanoke, Va.; Spokane, Wash.; Stockton, Calif.; and Utica, N.Y.

In January 1960, planning was begun on part II of the report, which would analyze and show the effect of concentration and integration through mergers and otherwise on competitive practices. The latter would include promotional and brokerage allowances, uniform and possibly collusive pricing, discrimination as to size of purchasers and trends in private labels in all steps of the distribution of frozen food and canned food. Special attention would be given the distribution through chainstores.

The year's highlights require inclusion of a few observations about legislation affecting the Commission's work. The passage of Public Law 86-107 amending the Clayton Act to make orders to cease and desist under that act final in the same way as orders issued under section 5 of the FTC Act was a long needed improvement to achieve faster and more effective enforcement of the Clayton Act. The Commission had sought this change for 20 years.

Another major legislative objective, however, failed of enactment. This would have authorized the Commission to apply to Federal district courts for preliminary injunctions against those proposed mergers which might violate section 7 of the Clayton Act. Injunctions could also have been sought to maintain the status quo in instances where mergers had already been accomplished, pending litigation to determine their legality. The legislation also would have enabled the Commission to require corporations of a significant size to notify the Commission of mergers they proposed to make.

This legislation is needed to simplify the divestment of the merged or acquired properties should litigation establish that the mergers or acquisitions are illegal. As it now stands, merging companies can become so intermingled that restoration of premerger competitive conditions is extremely difficult if not impossible.

Total accomplishments in fiscal 1960 did much to better acquaint business and the public with the Commission's purpose and effectiveness.

It was a year of hard and productive work for the Commission. The reward was an alltime peak in accomplishment, a greater public awareness of its function, and, as a result, a heavier workload at the end of the year than at the beginning.

SCOPE OF AUTHORITY

Basic Functions of the FTC

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

hearing, the Commission finds that the practices in question violate the act, it is empowered to issue a cease and desist order against the offending party or parties. Such an order may be appealed from the Commission to a United States court of appeals, which is authorized to review the proceeding and to affirm, enforce, modify, or set aside the Commission's order. Thereafter, the case may be taken to the Supreme Court of the United States upon writ of certiorari.

Originally, the cease and desist orders issued under the Federal Trade Commission Act were enforceable only by the appellate court through contempt proceedings, after its action had transformed the order into a decree of the court. The 1938 Wheeler-Lea amendments provided for a civil penalty action in the United States district court for violation of such final cease-and-desist orders. Under this provision the orders become final either through affirmance by the Court of Appeals or at the end of 60 days in the event no appeal is taken; the orders. If

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powers conferred by section 6. This section empowers the Commission to gather and compile information concerning, and to investigate from time to time, "the organization, business, conduct, practices, and management of any corporation engaged in commerce, except banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships." The Commission also is empowered to require such corporations to furnish information and to file annual and special reports. When directed by the President or Congress, the Commission is authorized to investigate and report facts relating to any alleged violations of the antitrust acts by corporations; to investigate for the Attorney General, or on the Commission's own initiative, the manner in which antitrust decrees against corporations are being carried out; and further, upon application of the Attorney General, to recommend readjustments of the business of corporations alleged to be in violation of the antitrust acts in order to bring the conduct of such business into accord with the requirements of law.

The Commission is further empowered to investigate from time to time trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States and to make reports thereon to Congress with recommendations. Under those section 6 powers of investigation and reporting, the Commission serves the executive and legislative branches of the Government, particularly in antitrust problems and in aid of legislation.

Section 7 confers authority upon the Commission to act as a master in chancery upon reference from the court to ascertain and report an appropriate form of antitrust decree in equity suits brought by or at the direction of the Attorney General.

The act confers visitorial powers upon the Commission, including specifically the right of access to documentary evidence of corporations, the right to issue subpoenas, examine witnesses, and require the production of testimony and documentary evidence, and the power to make rules and regulations to carry out provisions of the act.

Amendment to Packers and Stockyards Act of 1921—Public Law 85-909

This act of September 2, 1958, confers upon the Commission jurisdiction over the activities of meatpackers insofar as nonmeat food products are concerned. Prior to the amendment, the law had been interpreted as precluding the Commission from exercising any authority whatsoever over meatpackers regardless of the commodity involved.

The act also gave the Commission jurisdiction over all transactions in commerce in margarine or oleomargarine and over retail sales of

meat, meat food products, livestock products in unmanufactured form, and poultry products.

It further provided, in substance, that the Commission could exercise jurisdiction over the wholesale operations of meatpackers if effective exercise of its power or jurisdiction with respect to retail sales of meat and meat food products would be impaired, and if, after notifying the Secretary of Agriculture, it was determined that the latter was not conducting an investigation or proceeding involving the same subject matter.

A corresponding provision was made for the Secretary of Agriculture to exercise jurisdiction over the retail sales of meat and meat food products if his authority over wholesale operations would otherwise be impaired and if the Commission was not investigating or proceeding with respect to the same matter.

Shortly after the enactment of this statute, several conferences were held between officials of the two agencies to discuss the liaison arrangements which should be established under the act in order to coordinate their activities in the most efficient manner.

Section 2 of the Clayton Act, amended by the Robinson-Patman Act—Discriminatory Pricing.⁵ —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 sales "made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor."

Quantity-Limit Provision.—This is also contained in section 2 of the amended Clayton Act. It confers authority upon the Commission, after due investigation and hearing of all interested parties, to fix and establish quantity limits 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.)"

Brokerages, Commission, Proportionally Unequal Terms or Facilities.—The Robinson-Patman Act also forbids the payment of certain brokerages and commissions except for services rendered t

wares, merchandise machinery

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.

The Wool Products Labeling Act, the Fur Products Labeling Act, and the Textile Fiber Products Identification Act⁸

These three Federal statutes constitute "truth-in-fabrics" and "truth-in-furs" legislation. Under their terms the disclosure of content and other important factual information is required on labels and in advertising of textile and fur products.

Violations of these acts are classed as unfair methods of competition and unfair or deceptive acts and practices under the Federal Trade Commission Act. Mandatory labeling of textile, wool, and fur products is required. Labels on wool and textile products are required to disclose by percentages the constituent fibers contained therein. Labels on fur products as well as the advertising and invoicing of such products are required to disclose to prospective purchasers the true name of the animal from which the fur was taken. For this purpose an official Fur Products Name Guide has been issued by the Commission. The disclosure of other important information is required in order to inform the purchaser when the fur product is dyed, bleached, damaged, secondhand, or made of scraps or pieces. Under the Textile Act and the Fur Act, the country of origin or place of manufacture must be disclosed with regard to imported merchandise.

Under each act the Commission is specifically authorized to make inspections and tests of merchandise subject to the requirements of the acts and regulations. It is also directed and authorized to issue rules and regulations which have the force and effect of law. Under the Textile Act these regulations include the establishment of generic names for manufactured fibers for use in disclosing fiber content information.

⁸ 15 U.S.C. § 68, 12 U.S.C. § 69, and 15 U.S.C. § 70, respectively.

Under the Wool and Fur Acts, when necessary in the public interest, the Commission may institute seizure or condemnation proceedings for misbranded merchandise. Under all three acts it may apply to the Federal courts for temporary injunction pending the completion of a Commission proceeding under which a cease-and-desist order is sought. Suits to collect civil penalties for violation of Commission final orders under these acts are also available. Willful violations are punishable also by misdemeanor proceedings brought by the United States in the Federal district courts.

Manufacturers and distributors of products subject to these acts may issue guaranties for the protection of their customers who rely in good faith upon representations made in connection with such guaranties.

Registered identification numbers are issued by the Commission to manufacturers and distributors for use on labels in lieu of their required name.

Flammable Fabrics Act, approved June 30, 1953, effective July 1, 1954⁹

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 enforcing the act. Offending goods found in the market may be seized and condemned through district court action brought by the Commission. Pending completion of proceedings for issuance of a cease-and-desist order against an alleged violator, the Commission may apply to the court for temporary injunction. Suits for violation of a final cease-and-desist order may be brought to recover civil penalties up to \$5,000 for each offense.

Manufacturers and distributors may guarantee their merchandise as having passed reasonable and representative tests for flammability. Members of the trade who rely in good faith upon these guaranties are afforded certain protection against prosecution. Willful violations of the act, whether in placing prohibited products on the market or in issuing a false guaranty, may be prosecuted by the Government as

⁹ 67 Stat 111.

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 ¹⁰

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.¹¹

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.

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Division of Management and Organization

The Division of Management and organization conducts management surveys and recommends and installs management reports, procedures, and establishes staffing patterns that enable the Commission to operate more efficiently and effectively.

This Division also prepares analyses of the Commission operations for the use of the Commission.

40,000 legislative documents and statistical publications organized for easy accessibility.
In

required to file U.S. Corporation Income Tax Form 1120. The quarterly summaries, entitled Quarterly Financial Report for Manufacturing Corporations, are published by the Government Printing Office and sold by the Superintendent of Documents.

The purpose of this sample survey is to produce, each calendar quarter, an income

Legal Research and Reporting Section
This Section

FEDERAL TRADE COMMISSION

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INVESTIGATION

Information developed by the Commission in the course of investigations is confidential, except as may be disclosed by the Commission in accordance with procedural and statutory safeguards. The results of investigations are generally disclosed in the form of complaints, orders, or negotiated stipulations, as summarized elsewhere in this report. Every such action, by way of stipulation, complaint, or order, is predicated upon a record of investigation showing whether there was reason to believe that laws administered by the Commission had been violated.

The Commission utilizes a number of different methods for gathering information in its investigations. The investigational method or methods adopted in a particular matter will depend in large measure upon the character of the case, the nature of the information being sought, and the attitude of the concern being investigated.

In certain cases review and analysis of statistical and other material contained in financial or trade publications provide information helpful in determining whether a matter should be entered for investigation. In the case of mergers or acquisitions the fact that the transaction is contemplated or consummated is usually ascertained from such sources. In the field of false and misleading advertising the Commission regularly and continuously reviews magazines, newspapers, and radio and television scripts or broadcasts to detect questionable representations. Information thus developed serves other purposes, but is mainly used in determining whether to initiate investigation.

Correspondence is frequently employed to initiate and, in some cases, to conduct the full investigation. Where cases are susceptible of handling in this manner, substantial savings in cost may be achieved.

The more usual method of gathering information (Commission (Comm r t i s j 3 8 t h i s m o n t h u s) T e r

returnable before the investigating attorney. Corporations being investigated may also be required to furnish special reports with respect to their business practices and conduct, or may be required to grant the investigator access to examine and copy material from their records.

It is the Commission's policy to encourage voluntary cooperation in its investigations, compulsory processes for production of information or records being used only as necessary to avoid undue delay or to serve the public interest.

Most investigations grow out of letters of complaint from members of the public who feel that they have been misled or deceived, or from businessmen who believe they are being victimized by unfair or discriminatory practices of competitors. All potential matters for investigation, whether arising from complaint letters or from other sources, are carefully screened to eliminate those which are of a borderline or trivial nature, and those which involve primarily questions of private controversy as distinguished from matters of substantial public interest.

Effective liaison is maintained, in restraint of trade matters, with the Antitrust Division of the Department of Justice, and, in deceptive practice matters, with the Post Office Department and the Food and Drug Administration of the Department of Health, Education, and Welfare, and with other governmental agencies as appropriate, to avoid unnecessary duplication of effort and to cooperate in matters where the agencies possess concurrent or closely related jurisdiction.

During fiscal year 1960, the investigational bureau of the Commission received a total of 5,930 complaint letters, 1,530 more than the 4,400 received in fiscal 1959. Alleged restraints of trade were involved in 1,042 and deceptive practices in 4,888. These complaint letters resulted in the scheduling for investigation of 1,912 matters, approximately double the 975 scheduled during the previous year. Of the 1,912 matters scheduled for investigation, 770 dealt with alleged restraints of trade, and 1,142 with alleged deceptive practices.

Investigations completed during fiscal 1960 numbered 1,090, of which 271 were restraint of trade investigations and 819 were deceptive practice investigations. Aside from the more important matters which resulted in issuance of complaints or negotiation of stipulations, as separately reported, a total of 90 investigations terminated during the year were on the basis that the questioned practices had been discontinued.

Prompt investigative action was taken during the year with regard to "payola," or the practice of phonograph record distributors to make secret payments to diskjockeys as an inducement for them to exaggerate the popularity of records. From investigations initiated beginning in mid-November of 1959, the Commission had issued a

total of 98 formal complaints regarding this practice by the end of the fiscal year in June of 1960.

Confronted during the year with situations requiring such action, the Commission exercised its authority to require special reports from corporations in approximately 450 instances. This method of investigation was utilized with respect to 113 suppliers of groceries who were known to have participated in extraordinary sales sponsored by chainstore customers. Similar reports were required during the year from 205 chain and cooperative store organizations to determine whether they had induced or received discriminatory advertising or promotional allowances violative of the Clayton Act.

The procedure of requiring special reports was utilized, beginning in April of 1960, with regard to alleged discriminatory practices involving payment of unlawful brokerage fees where no services were rendered by the broker, in connection with operations of 118 shippers of Florida citrus fruit. Based upon information thus elicited, 41 formal complaints had been issued by yearend, charging violation of the brokerage provisions of the Clayton Act. Those reports also gave rise to initiation of 26 additional inquiries involving other alleged law violations by brokers or distributors of food.

In the area of alleged deceptive business practices, matters receiving particular investigative attention during the year included false and misleading advertising of food and drug products, deceptive product demonstrations via television broadcasts, fictitious pricing of a variety of commodities, and general misrepresentation of consumer goods, such as electrical appliances, home improvements, encyclopedias, automobiles, lawnmowers, correspondence courses, rugs, and watches.

In addition to investigation of indicated initial law violations, the investigative staff of the Commission conducts inquiries, as outlined or instituted by Compliance Division, to determine the manner and form of compliance with Commission orders to cease and desist, and assembles evidence to support civil penalty or contempt proceedings as appropriate.

The investigations are performed under the supervision of the Bureau Director and the guidance of the Chief Project Attorney, his staff of project attorneys, and the attorneys in charge of the Commission's branch offices. Specialized functions are performed by the Division of Textiles and Furs, the Division of Accounting, the Division of Scientific Opinions, and the Legal Adviser in charge of investigating mergers.

MERGER INVESTIGATIONS

The Bureau of Investigation has the responsibility for examining all mergers and acquisitions of which it has knowledge by corporations subject to the Commission's jurisdiction. It identifies those which

appear to be significant from the standpoint of a possible violation of the antimerger law, section 7 of the Clayton Act, as amended, and conducts investigations to determine the probable competitive effects of those deemed significant. A group of attorneys, economists, statistical clerks, and others in the Bureau, under the supervision of a Legal Adviser, devote substantially all their time to merger investigational work.

There is no legal requirement on corporations to notify the Commission of a merger or acquisition either before or after its consummation. Except in instances where a complaint is received about a particular merger, or where premerger consideration is requested, the Commission must rely on financial newspapers, trade journals, manuals of investments, and the like, for information that a merger has occurred or is contemplated. Each merger or acquisition coming to the Commission's attention is made the subject of an information sheet containing such basic financial and operational data regarding the corporations involved as is readily available from recognized reference manuals. In fiscal 1960, 1,040 information sheets were prepared. All mergers and acquisitions so recorded are examined by project attorneys in the Bureau who, after consulting staff economists and other experts and evaluating readily available data, recommend whether further investigation should be undertaken.

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Minnesota Mining & Manufacturing Co.
Inland Container Corp.
Kaiser Steel Corp.
The

the products tested clinically. It is becoming increasingly necessary to have such tests made in order to appraise accurately the advertising for specific products.

DIVISION OF ACCOUNTING

This Division furnishes accounting services in connection with the investigation and trial of legal cases and in general economic investigations.

The Division prepares accounting analyses and studies of the pricing policies of respondents or proposed respondents in connection with the Commission's law enforcement work in regard to (1) alleged price discrimination under section 2 of the Clayton Act, as amended by the Robinson-Patman Act; (2) cost data submitted by respondents in justification of alleged price discrimination under the Robinson-Patman Act; (3) alleged price fixing in cases arising under section 5 of the Federal Trade Commission Act; and (4) alleged sales below cost in violation of section 5 of the Federal Trade Commission Act.

It also compiles production and sales statistics and

and the Textile Fiber Products Identification Act of 1958

registered identification numbers, and continuing guaranties. The table below clearly indicates the volume of work handled by the Division during fiscal 1960.

Division of Textiles and Furs workload statistics, fiscal 1960

	Wool	Fur	Flammable fabric	Textiles	Sec. 5 FTC Act
Commercial establishments covered by industry compliance investigations	676	413	813	46	-----
Products examined (sampling method in all cases except fur) -----	2,839,837	47,305	8,851,129	2,934,968	-----
Advertisements examined -----	2,549	27,491	-----	7,965	-----
Formal complaints recommended ---	¹ 35	44	-----	-----	3
Stipulations recommended -----	15	20	-----	-----	-----
Compliance investigation of concerns under cease and desist order or stipulation -----	89	-----	-----	-----	-----
Matters disposed of by acceptance of assurances of discontinuance -----	165	-----	-----	-----	-----
Interpretations and opinions rendered	-----	² 70,037	-----	-----	-----
Registered numbers assigned -----	356	150	-----	12,031	-----
Continuing guaranties accepted ----	1,112	573	554	12,765	-----
Laboratory tests completed -----	527	2	42	28	³ 39
Correspondence (incoming) -----	-----	45,350	-----	-----	-----
Correspondence (outgoing) -----	-----	47,655	-----	-----	-----

¹ Includes 12 charging violations of sec. 5, FTC Act, and 1 charging Fur Act violations.

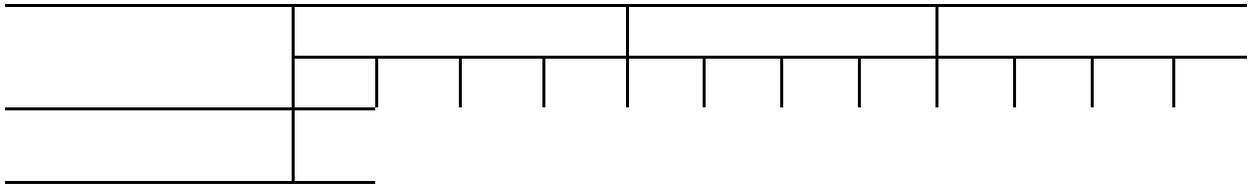
² Approximately 80 percent of which concerned the Textile Act.

³ Miscellaneous.

As can be seen from the table, over 70,000 requests for interpretations and opinions were received during the year, at least 80 percent of which concerned the new Textile Act. This compares with a figure of approximately 17,500 similar requests received during fiscal 1959. Registered identification numbers issued during fiscal 1960 approximated 12,500 as compared with 1,500 during fiscal 1959. Over 15,000 continuing guaranties were accepted and filed during the year as compared with 2,400 during fiscal 1959.

Because of the large number of requests o p requests compares

for a full-scale



Rawlings Manufacturing Co., St. Louis, Mo., a principal competitor it purchased in 1955 for nearly \$6 million.

Industries in which new merger complaints were issued during the year included such heavy goods industries as steel, cement, lumber, and plumbing and heating equipment, and also ranged from baked goods to paper products. The cases were as follows:

Kaiser Steel Corp., of Oakland, Calif., for acquiring a substantial portion of the voting stock of a competitor, Allison Steel Manufacturing Co., of Phoenix, Ariz. (docket 8027).

Permanente Cement Co. of Oakland, Calif., for the acquisition of Olympic Portland Cement Co. of Seattle, and Pacific Building Materials Co. and Readymix Concrete Co., both of Portland, Oreg. (docket 7939).

Warner Co. of Philadelphia, for its acquisition of Chester Materials Co., of Chester, Pa., and W. E. Johnson, Inc., of Paoli, Pa., competitors in the ready-mix concrete business (docket 7770).

Crane Co., of Chicago, for acquiring all or part of the stock or assets of five competitors in the production and distribution of plumbing and heating equipment and related products (docket 7833).

Simpson Timber Co., of Seattle, Wash., for its acquisition of M&M Woodworking Co., of Portland, Oreg., a competitor in the redwood lumber industry (docket 7713).

Continental Baking Co., of Rye, N.Y., the Nation's largest commercial baker of white bread, for its acquisition of Omar, Inc., of Omaha, Nebraska, and other bakeries (docket 7780).

Campbell-Taggart Associated Bakeries, Inc., of Dallas, Tex., the Nation's second largest commercial bakery, for its acquisition of numerous bakeries throughout the United States (docket 7938).

Union Bag-Camp Paper Corp., of New York City, for five acquisitions in various segments of the paper industry (docket 7946).

Minnesota Mining & Manufacturing Co., of St. Paul, Minn., for its acquisition of two competing distributors of electrical insulation products (docket 7973).

Inland Container Corp. of Indianapolis, Ind., the Nation's third largest shipper of corrugated shipping containers, for its acquisition of the Louisville, Ky., plant of the General Box Co. (docket 7793).

ABC Vending Corp., of Long Island City, N.Y., the Nation's largest commercial operator of motion picture theater vending concessions, for its acquisition of Confection Cabinet Corp., of East Orange, N.J., and of Charles Sweets Co. and Charles Sweets Concession Co., both of Philadelphia.

Of the 28 merger cases pending as the fiscal year ended, 25 were in various stages of trial; two had resulted in initial decisions which were

on appeal to the Commission; and one was awaiting decision by a hearing examiner.

Robinson-Patman Act Cases

From a numerical standpoint, violations of section 2 of the Clayton Act, as amended by the Robinson-Patman Act, led the list of antimonopoly proceedings. Complaints issued during the year under this statute totaled 130, nearly double the number of complaints issued in fiscal 1959. There were 45 orders to cease and desist from Robinson-Patman Act violations.

This section of the act is designed to safeguard the competitive order against the effects of discriminations in price or discriminations in the payment for, or the furnishing of, services or facilities, such as advertising or promotional aids, as between competing buyers, as well as the payment or receipt of illegal brokerage fees or commissions.

Price Discrimination Cases

Price discrimination cases under section 2(a) of the amended Clayton Act accounted for a substantial number of the antimonopoly cases on the litigation docket. There were 48 complaints and 7 orders to cease and desist involving 2(a) violations.

In addition, there were four complaints and one order against buyers for knowingly inducing or receiving discriminatory prices in violation of subsection 2(f) of the act.

The orders and complaints under these sections of the statute covered a variety of commodity fields.

Numerous cases were brought in various segments of the food industry. Seven proceedings involved bread, biscuits, cookies, crackers, and related items. Respondents in this category included Continental Baking Co., of Rye, N.Y., the marketer of Wonder Bread and Hostess Cakes; Huber Baking Co., Wilmington, Del.; Sunshine Biscuits, Inc., Long Island City, N.Y.; United Biscuit Co. of America, Melrose Park, Ill.; Austin Packing Co., Baltimore, Md.; Southern Bakeries Co., Atlanta, Ga.; and Robert A. Johnston Co., Milwaukee, Wis.

Several dairy companies were also cited for granting discriminatory prices, including Beatrice Foods Co., Inc., of Chicago, Ill., and H. P. Hood & Sons, of Boston, Mass.

Other complaints in the food field involved a large macaroni manufacturer, a canner of fruits and vegetables, and a distributor of dried peas and beans.

A wholesale distributor of coffee, tea, spices, extracts, and dried foods was ordered to stop discriminating among its customers in prices and promotional allowances.

In the related field of candy products, there were two orders and three complaints involving price discrimination. Orders were issued against Pangburn Co., Inc., of Fort Worth, Tex., and Elmer Candy Co., Inc., of New Orleans, La. New complaints cited Mason, Au & Magenheimer Conf. Co., Inc., of Long Island, N.Y.; New England England

with discriminating in price among their customers. The three cases involved Lloyd A. Fry Roofing Co., of Summit, Ill., the Logan-Long Co., and the Celotex Corp., both of Chicago. A further allegation in each of these complaints is that the companies sell below cost or at unreasonably low prices with the intent and effect of restraining competition in roofing products.

Other price discrimination complaints issued during the year involve Sperry Rand Corp., of New York City (typewriters and business machines); Cutter Laboratories, Berkeley, Calif. (biologicals, pharmaceuticals, and related products); Chemway Corp., Wayne, N.J. (Lady Esther cosmetics); and Byer-Rolnick Hat Corp., Garland, Tex., the third largest company in the hat industry.

Additional cease-and-desist orders issued during the year were against Westinghouse Electric Corp., of Pittsburgh, Pa. (major home appliances); General Natural Gas Corp., Monticello, N.Y. (bottled gas); and Pressman Toy Corp., New York City (toys).

Discriminatory Promotional Allowances and Services

Continuing and increasing emphasis on the enforcement of the Robinson-Patman Act's prohibitions against discrimination in the granting of advertising and promotional allowances or services resulted in an unusual number of cases under sections 2(d) and 2(e) during fiscal 1960. Section 2(d) complaints numbered 44, and orders totaled 34; 4 complaints and 1 order were issued under section 2(e).

These subsections require that sellers paying customers for services and facilities, or furnishing services and facilities, must make them available to all competing customers on proportionally equal terms.

In addition to bringing numerous proceedings against sellers under these sections of the statute, the Commission moved also to prevent economically powerful buyers from knowingly inducing or coercing suppliers to grant them discriminatory promotional aids. Such a practice was alleged to be "unfair" under section 5 of the Federal Trade Commission Act. In five proceedings instituted during fiscal 1960, each such complaint was coupled with § 2(d), Clayton Act complaints against allegedly discriminating suppliers. These cases involved the following:

J. Weingarten, Inc., of Houston, Tex., a grocery supermarket chain operating in Texas, Louisiana, and Tennessee, along with eight typical suppliers of hosiery, cosmetics, paper products, toiletries, macaroni, and fruit.

Benner Tea Co., a retail grocery chain with headquarters in Burlington, Iowa, along with two typical suppliers of grocery products.

American Radiator & Standard Sanitary Corp., of New York City, a manufacturer of heating, cooling, plumbing, and kitchen equipment, along with two typical suppliers.

Individualized Catalogues, Inc., of New York City, an association of four toy wholesalers, along with seven toy manufacturers.

Foster Publishing Co., Inc., and Foster Type & Equipment Co., Inc., both of Philadelphia, Pa., along with five suppliers of printing equipment and supplies (three of whom subsequently agreed to consent orders prohibiting the practice).

Along similar lines, a complaint was issued charging that R. H. Macy & Co., Inc., of New York City, unlawfully pressured suppliers into contributing more than \$500,000 toward the cost of the company's 1958 centennial celebration. According to the complaint, nearly 600 Macy suppliers complied with its request for \$1,000 contributions. The complaint alleges that Macy used its vast purchasing power and prestige to force suppliers into making the payments, and that suppliers, for economic and business reasons, were relatively powerless to refuse to make the contributions. This practice of "a powerful buyer using the leverage of its purchasing power and position" to ask for and receive contributions, gifts, or donations from suppliers is alleged to constitute an unfair practice in violation of section 5 of the Federal Trade Commission Act.

Discrimination in the payment of promotional allowances by numerous leading publishers and distributors of magazines, paperback books, and comics was ordered terminated in 16 cases. Certain newsstand chains were alleged to have been granted promotional allowances not proportionally available to competitors.

In the tobacco products industry, five of the Nation's largest cigarette manufacturers and a cigar manufacturer were ordered to stop discriminating in the payment of advertising and promotional allowances. The cigarette companies are:

Liggett & Myers Tobacco Co., Inc., Philip Morris, Inc., and the American Tobacco Co., all of New York City; R. J. Reynolds Tobacco Co., Winston-Salem, N.C.; and Brown & Williamson Tobacco Corp., Louisville, Ky. The cigar manufacturer is Bayuk Cigars, Inc., Philadelphia, Pa.

Other orders

Foundry Co., of Anniston, Ala., a manufacturer of cast iron soil pipe and fittings.

Fieldcrest Mills, Inc., of Spray, N.C., a manufacturer of rugs, carpets, blankets, bedspreads, sheets, and related products was ordered to cease and desist from violating both section 2(d) and section 2(e). New complaints alleging the furnishing of discriminatory services and facilities in violation of section 2(e) cited sellers of greeting cards, macaroni, shower curtains, soap, and cleaning products.

Brokerage Cases

In its enforcement of section 2(c) of the Clayton Act, the Commission issued 41 complaints charging Florida packers of fresh citrus fruit with unlawfully paying brokerage to purchasers. Section 2(e) prohibits payment or receipt, directly or indirectly, of brokerage fees or commissions in transactions between a seller and persons or firms purchasing on their own account for resale.

According to the complaints, the packers sell oranges, tangerines, grapefruit, or other citrus fruit directly, and also through brokers who are paid a commission of a certain amount or percentage—typically 10 cents per 1 3/5 bushel box. Some of the brokers purchase for their own account for resale, and to these, as well as to some direct buyers, each packer allegedly pays brokerage or grants an allowance or discount in lieu of brokerage, in violation of section 2(c).

or

Seafood and canned fruits and vegetables were the commodities involved in other complaints charging sellers with making unlawful brokerage

Restraint of Trade Cases

The 1960 antimonopoly docket included numerous cases prohibiting or challenging a variety of practices in restraint of free and fair competition. Most of them were brought under section 5 of the Federal Trade Commission Act, which prohibits "unfair methods of competition" and other "unfair" acts and practices, but section 3 of the Clayton Act, forbidding exclusive dealing arrangements injurious to competition, was also invoked.

An important restraint-of-trade case in which an order was issued was a proceeding prohibiting one of the largest suppliers of automobile seat covers in the country from entering into monopolistic exclusive dealing contracts or illegal price-fixing agreements with its independent retail dealers. The respondent in this case was Rayco Manufacturing Co., Inc., of Paramus, N.J.

The order was issued with the consent of Rayco in settlement of a complaint charging violation of both section 5 of the FTC Act and section 3 of the Clayton Act. Under the order, in selling automobile seat covers, convertible tops, mufflers, or other products, Rayco must not impose any conditions limiting the freedom of purchasers to sell or advertise products supplied by competitors. Rayco must also stop carrying out price-fixing and price-maintenance conspiracies with its dealers, requiring them to enter into such conspiracies among themselves or enforcing any such restrictive agreements or arrangements by oppressive contractual terms or by "policing." The complaint had challenged provisions of Rayco's standard dealer franchise agreement forbidding independent dealers to handle auto seat covers, convertible tops, mufflers, or other products supplied by Rayco competitors. It further charged that the company fixed resale prices and discounts and required its dealers to adhere to them. Not only were Rayco's competitors foreclosed from making sales to the dealers, according to the complaint, but competition among the dealers was also suppressed.

The order bars Rayco from requiring its dealers, in furtherance of illegal price-fixing and exclusive dealing arrangements, to carry a full line or any specified quantity of Rayco products; to refrain from independent advertising; to enter into cooperative advertising of prices with other purchasers; to acquiesce in price advertising undertaken by Rayco; or to pay an advertising assessment to Rayco.

The order is also directed against contractual provisions empowering Rayco arbitrarily to terminate dealer contracts or to restrict the future business activity of terminated dealers. The complaint had alleged that these provisions caused Rayco dealers to be "subservient" to Rayco in the conduct of their business. Also forbidden is any policing, intimidation, or coercion designed to enforce any of the requirements prohibited by the order.

Photostat Corp., of Rochester, N.Y., the Nation's largest seller of photographic copying machines and supplies, was ordered to stop using illegal inducements and unreasonable tying arrangements to sell supplies to owners and operators of the machines. The consent order in this case was in settlement of a complaint charging the company with using its dominant position to monopolize the sale of photocopy paper and chemicals by imposing unreasonable tying arrangements on Photostat machine owners.

The company is prohibited from giving or offering preferential repair and maintenance service to machine owners purchasing all, or substantially all, of their photocopy supplies from Photostat. Also, Photostat must not refuse to sell or restrict the sale of repair parts, accessories, or equipment to competitors as a means of inducing machine owners to purchase supplies from it.

Five manufacturers and marketers of tackless carpet gripper and other products used in laying wall-

Tide and Dash. The complaint charged that these contracts and related contracts and practices illegally restrained trade by foreclosing competing detergent manufacturers from engaging in free sampling contracts and

processors of raw shrimp, which is taken primarily from the gulf coast shipping area.

The complaint charges, in effect, that by acquiring from others exclusive patent rights and failing to exploit them, the respondents have virtually blocked the development of new processing machinery invented by others; harassed manufacturers and users of competitive machinery by filing or threatening to file infringement suits; and discriminating against shrimp processors in Oregon, Washington, and Alaska, by charging them higher rental or royalty rates than those charged in other States.

Three complaints were issued charging that two affiliated midwestern dairies have conspired illegally with the Nation's three largest grocery chains to eliminate competition in the sale of dairy products.

The dairies are Adams Dairy Co., of Blue Springs, Mo., and Adams Dairy, Inc., of St. Louis, Mo., which sell milk, ice cream, cottage cheese, and other dairy products at wholesale in Missouri, Kansas, Illinois, and Kentucky. The grocery chains cited in the complaint are the Kroger Co., of Cincinnati, Ohio; Safeway Stores, Inc., of Oakland, Calif., and the Great Atlantic & Pacific Tea Co., of New York City.

The complaints charge that the two dairies have engaged in competition with the three grocery chains.

the world's second largest manufacturer of shoes. One count of the complaint alleges that some 650 independent shoestores operating under franchise agreements with Brown are required to restrict their purchases to the Brown lines and are forbidden to buy, stock, or resell competitive shoes. The second count of the complaint charges that Brown forces and requires more than 15,000 independent retail shoe customers to agree to maintain arbitrary, noncompetitive resale prices that Brown fixes and that Brown enforces the fixed prices by coercion and threats.

ANTI-DECEPTIVE PRACTICE CASES

Fiscal 1960 witnessed trial work activity in anti-deceptive-practice cases to a degree unequaled by any other year in the history of the Commission. 346 anti-deceptive-practice complaints issued representing an increase of 28 percent over the previous fiscal year's work, and orders to cease and desist totaled 289, an increase of 8 percent. In addition, 2 antimonopoly complaints included deceptive-practice charges, and 7 partial orders were entered.

Set out below are the details of action taken in matters of more than routine interest.

"Payola"

Public reaction to last year's highly publicized television scandals was intense and prolonged, and letters of complaint from the public poured into the Commission in unprecedented volume. The scandals in broadcasting demanded action, and the Commission met its challenge in this area with speed and determination. In a few short months the Commission issued 98 complaints against manufacturers and distributors of phonograph records. They allegedly had given illegal push money or other consideration to diskjockeys in order that the latter would "expose" certain records to the listening public with greater frequency than other records sold and distributed by those who made no such contribution or refused to pay tribute.

Included among the respondents were London Records, Inc. (docket 7671), Radio Corporation of America (docket 7676), United Artists Records, Inc. (docket 7804), Mercury Record Corporation, and three subsidiaries (docket 7846), Decca Distributing Corp. (docket 7830), e2.4 0 TDyj 27.96 0 5.64 (5 T2dTc () Tj 3. o () Tj2-(m0m0m0m0t.133.48 0 nited) Tj 35.28 0

any person, directly or indirectly, to induce that person to select, or participate in the selection of, and broadcasting of, any such records in which respondent has a financial interest of any nature.

(2) Giving or offering to give, without requiring public

Signifying a growing concern on the part of the Commission that advertising agencies may be responsible in part or wholly for the false or misleading representations in the advertising complained of, the complaints in seven of the cases referred to above named advertising agencies as parties respondent, and four of the seven also charged advertising account executives with responsibility sufficient to name them as individual respondents.

Two of the cases (Brown & Williamson and Standard Brands) have been settled by the Commission's acceptance of agreements containing consent orders to cease and desist. The remaining cases are in various stages of litigation.

Fictitious Pricing

The lesser number of complaints issued in fiscal 1960 covering this aspect of deceptive practices (reduced to 73 from the previous year's high of 117) may serve to give hopeful indication that businessmen are learning that if they offer merchandise for sale at prices said to be reduced from an advertised "reg." or "mfr's. list" or "manufacturer's suggested retail price" the latter must be a truthful representation of the article's usual and customary retail price in the trade area where the statement is made, or they are liable to be served with a Commission complaint.

Furs continued to lead the lists of commodities whose regular or former prices vendors allegedly misstated; and considerable activity in the fictitious pricing of luggage, rugs, and clothing was noted and duly treated.

A complaint issued in docket 7573 alleged that R. H. Macy & Co., in offering fur products for sale, had affixed labels to various fur products bearing prices represented as being regular prices which were in excess of those regularly charged, and had made misrepresentations in newspaper advertisements that certain of the merchandise was offered to the public at prices "below wholesale cost." The respondent agreed to the entry of an order requiring it to cease the practices.

W & J Sloane was alleged (docket 7579) to have misrepresented regular prices of rugs when offering them for sale at purportedly reduced prices. This respondent additionally was charged with advertising rugs as being entirely of wool when they were not, and with representing the rugs to be of sizes larger than they actually were.

In Stein Stores, Inc. (now Coghlen Corp.), this men's clothing chain with 85 retail outlets throughout the United States was charged with violations of the Federal Trade Commission Act by disseminating advertisements offering "\$55 value" suits for \$33 or \$24.77. The complaint alleged that the chain had not customarily sold such suits for \$55 in the recent

Other violations of the act, and of the Wool Products Labeling Act, were attributed to the respondent's act of tagging suits "Dacron and Worsted" when a separate label disclosed a rayon content of 8 percent, and to its act of advertising that the chain sold clothing at "Factory Prices." The prices charged included the usual markup, the complaint alleged. This respondent agreed to the issuance of an order to cease and desist the acts and practices alleged in the complaint to be unlawful (docket 7729).

In Gimbel Brothers, Inc. (docket 7834) this department store located in New York City and having additional retailing operations in and around the metropolitan areas of Philadelphia, Chicago, Detroit, St. Louis, and San Francisco, was charged with publishing newspaper advertisements offering numerous commodities for sale at prices reduced from prices represented as being regular prices which actually were fictitious. Included among the goods so advertised was luggage represented as "\$6.98 to \$15.98 . . . sold last week at Gimbel's for \$9.98 to \$24.98" and "140 train case . . . reg. \$13.98 . . . now \$9.95." The complaint alleged that the luggage normally retailed at the purported reduced prices.

The Commission recognized the competitive inequities that may result when merchandisers of products sold in interstate commerce are required to comply with standards which some merchants who sell only locally may not voluntarily observe. Accordingly, the Commission has issued a complaint, without regard to the intrastate character of a respondent's sales, against the dissemination of allegedly false pricing and saving claims through newspapers having interstate circulation and radio and television broadcasts of interstate transmission (S. Klein Department Stores, docket 7891).

Bait Advertising

A practice closely related to fictitious pricing is bait advertising. The practice usually appears in one of two forms. The first is the advertising of brand name merchandise at startlingly low prices. The second is the advertising of inferior merchandise as quality merchandise, again at sensationally low prices. In both cases the idea is not to sell the advertised products but to attract customers who can be switched, often by extreme high-pressure tactics, to more expensive goods. In the first instance the prospective customer generally finds that the quality product either has been "just sold out," is a used demonstrator, had been repossessed from a purchaser, or is an irregular. In the second he finds that the advertised goods lack many of the virtues of quality and are undesirable in numerous respects.

In the past years the Commission has observed that the practice of bait advertising was indulged in to a great extent by sellers of household appliances (notably sewing machines) and hearing aids. In fiscal 1960 it was noted that the practice had become favored by oper-

ators in the home-improvement field. Four complaints issued against builders and installers of house shells, kitchens, bathrooms, roofs, storm windows, carports, patios, and garages.

In Lifetime, Inc., and Youngstown Homes, Inc. (docket 7616) two Philadelphia concerns, and their sole owners as individuals, were cited in a complaint that charged them with advertising, contrary to fact, that they would erect a complete garage for \$300, install a complete bathroom for \$44, and sell a shell home large enough to accommodate a three-compartmented bathroom, kitchen with eating space, large picture window, and basement for \$1,995. The complaint alleged that those and similar pricing claims were merely to induce prospective customers to make inquiries following which respondents' salesmen tried to sell them more expensive products and services. The complaint also alleged that respondents had misrepresented themselves to be affiliated with Youngstown Kitchens and Youngstown Industries, Inc., of Philadelphia.

Business Opportunities

The offer to sell machines purported to vend astonishingly profitable amounts of ball gum, stamps, nuts, and candy, under an initial guise of being an offer of employment appearing in the classified sections of newspapers, has served for many years as the basis for much misrepresentation concerning the business opportunities purportedly offered.

In the classic case, a "local man or lady" is needed "to service highly profitable established route" starting "spare time" with "working capital required" in the amount of several hundred dollars to maintain an "inventory fully secured." Ordinarily, the only truthful parts of the sale pitch are that capital is required and that the operation will not ever necessitate full-time attention.

The Commission issued its customary quota of complaints in this type case, but also noted changes in the method of vending (from automatic dispensers to self-serve racks and cases), a trend to entirely different and much more expensive types of commodity vended (from penny and nickel edibles, stamps, etc., to phonograph records, radio and TV tubes, and clocks), and a big jump in the "investment" required (from about \$400 to \$975, \$1,192.50, \$2,923.25, and \$4,860).

In a complaint issued against Midwest Electronics Corp., St. Louis, Mo. (docket 7540), the Commission has charged that concern and two of its officers as individuals with using exaggerated earnings claims and other misrepresentation to sell their tube-testing devices, tubes, and related supplies and equipment.

Customers have been misled both by the concern's advertising and by its salesmen who follow up leads obtained through the ads, the complaint alleged.

For example, the complaint charged, purchasers investing \$2,923.25 will not make \$650 a month or proportionate amounts on smaller or larger investments, as their actual returns, if any, are appreciably smaller.

Nor does Midwest locate and establish a route of the tube-testing devices purchased which will produce the claimed income; almost all locations it procures are very poor and yield virtually no income, the complaint stated.

It added that the company neither relocates nor repurchases unprofitably or undesirably placed devices. The company's sole interest, according to the complaint, is to sell the products, and once the sale has been consummated it has no further concern with the buyer.

Correspondence Schools

Continuing scrutiny of the advertising disseminated by schools offering instruction in various fields by correspondence showed no slackening in the use of improper enrollment inducements by some of the schools. Job availability in the particular field, salaries paid, and the qualifications of the course to equip a student to enter the field, were the subjects of alleged misrepresentation by six correspondence schools resulting in the issuance of complaints against them during the year.

A complaint against Continental Schools, Inc., Vancouver, Wash. (docket 7873), vendors of a course of instruction in jet engine maintenance and repair, charged that virtually all prospects willing to make the downpayment were accepted, and the school had enrolled many who could not learn the principles and practical aspects of jet engine mechanics through the course without personal supervision and direction. Few, if any, customers, the complaint charged, had continued with the course after receiving several lessons, and the overwhelming majority had been unwilling or unable to complete it. The school and its salesmen, it was additionally alleged, derived a major portion of their income from payments for canceled or uncompleted courses.

Contrary to other claims, the complaint continued, even if students were to complete the course with passing grades there was little if any prospect of being employed as jet engine mechanics or technicians by industry; and they could not in any sense be considered trained or qualified to repair, maintain, or overhaul jet engines.

Also challenged, among others, was Continental's claim that there was nothing to prevent students successfully completing the course from earning the prevalent wage scales of highly skilled mechanics or technicians on airplane engines.

According to the complaint, mechanical work on jet engines ordinarily is done by skilled personnel capable of working on all types of powerplants, which includes reciprocating as well as jet engines. Much of this work can be performed only by personnel who have been

examined and certified by the Federal Aviation Agency. Since Continental and its unsupervised home study course had not been approved by the FAA, its students were ineligible to take this certification examination and thus would not earn the claimed high wages.

The company's failure to disclose affirmatively these existing limitations on employment and earning prospects and other deceptive practices were unfair methods of competition forbidden by the Federal Trade Commission Act, the complaint concluded.

The respondent consented to the entry of an order forbidding further use of the claims objected to.

Skip Tracing

"Skip tracing" is creditmen's talk for the operations used by them in locating delinquent debtors who have moved, changed places of employment, or otherwise cannot be found. The novel and ingenious methods used by some of the craft are legendary. Some are illegal.

One illegal method is to use forms bearing titles and addresses which result in conveying, to debtors and persons who know the debtors' whereabouts, the idea that the United States Government seeks information of a confidential nature which must be furnished. This is an unfair method of competition against collection agencies that do not resort to such subterfuge.

Seven complaints issued during the year against concerns which represented themselves to be Federal agencies, express companies holding packages for addressees who could not be found, and movie casting services.

Illustrative of the sort of unfair practice proceeded against are the charges set out in a complaint against Winters-Schneider Sales Agency, a partnership of Herman Winters, Ralph Schneider, and Sidney Mandy in Hollywood, Calif. (docket 7679).

The complaint alleged that the firm sold skip-tracing forms to collection agencies, merchants, and others which misrepresent to debtor recipients that a branch of the U.S. Government is requesting information from them.

Purchasers fill in names and addresses of debtors on IBM card forms and send them to the firm's agent in Washington, D.C., which mails the cards together with return envelopes preaddressed to a purported Government agency at the agent's Washington, D.C., address, a room in a building located on K Street NW. Completed forms returned to the agent are forwarded to purchasers, the complaint said.

Typical forms are headed "Semi-Annual Employment Record," "Change of Employment Records," "Employment Verification Request," "Department of Vehicle Verification Records," "Department of Claims and Settlements," "Office of Area-A," "Bureau of Settlements and Collections," and "Division of Disbursements."

Promotional schemes as a decoy to obtain customers, and with selling dance instruction courses through deception and coercion (docket 7845).

Joined in the complaint were the company's officials, Arthur and Kathryn Murray and David A. Teichman.

The challenged schemes, promoted in radio and television broadcasts and newspaper advertisements, included telephone quizzes, cross-word, "Dizzy Dance" and "Lucky Buck" contests in which winners purportedly received a gift certificate for a given number of Arthur Murray lessons. The promotions included introductory offers purporting to furnish the first lesson or a short course free or at a reduced price.

The complaint charged that quizzes, puzzles, and contests were not bona fide but were used simply to get the names of persons who might later be encouraged to purchase dancing instruction. In many instances, it alleged, "winners" did not receive a course of bona fide dance instruction or the number of lessons called for in the certificate the special offer. TD 0 Te 0 e0264

Miscellaneous Cases

Complaints and cease-and-desist orders were also issued in the following deceptive practice matters:

Twelve matters involving "advance fee" loan procurement and real estate advertising; eight matters involving the advertising and branding of automotive products, including tires, mufflers, batteries, oil additives, and radiator treatments; and seven matters involving the sales of rebuilt radio and TV tubes as new.

Additionally 35 complaints and 40 orders relating to a variety of labeling and invoicing practices subject to the provisions of the Wool Products Labeling Act were entered, as were 55 complaints and 70 orders concerning practices deemed violative of the Fur Products Labeling Act.

Court Cases

Joseph Freeman, president of Gift Products, Inc., Chicago, Ill., was fined \$1,000 in U.S. District Court for the Northern District of Illinois, Eastern Division, in a criminal case stemming from his refusal to testify in a Federal Trade Commission proceeding against him when under subpoena.

This is believed to be the first successful criminal prosecution for failure to give testimony at hearings before a Federal regulatory agency in response to a subpoena. The prosecution was instituted by the Department of Justice at the request of the Commission, which is one of several independent agencies having statutory power to request criminal sanctions in these circumstances.

HEARING EXAMINERS

Under the Federal Trade Commission Act, when the Commission has reason to believe that any law over which it has jurisdiction has been violated, it issues a formal complaint, at which time the case is assigned to a hearing examiner who has the responsibility of taking testimony in support of, and in opposition to, the allegations of the complaint. At the present time there is a staff of 14 such hearing examiners, including the Director, who also acts as administrator under the general supervision of the Chairman.

The Administrative Procedure Act outlines the powers and duties of all hearing examiners in the Federal service, including the Federal Trade Commission. Among other things, it is provided in this act that the appointment and tenure of all hearing examiners are under the sole authority of the Civil Service Commission. Under this act, the hearing examiner has the duty authority in

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is taken into consideration by the Federal courts in any review of the case. In this connection it is recognized by the Commission and the Federal

OFFICE OF THE GENERAL COUNSEL

The General Counsel and the attorneys of his staff represent the Commission as its counsel in all cases advancing beyond the agency, or otherwise arising in the courts. All litigation in which the Commission is a party, or an intervenor, in Federal or State courts, or in the U.S. courts of appeals, or the Court of Customs and Patent Appeals, is handled by the Office of the General Counsel. When Commission cases reach the Supreme Court, the legal services devolving upon the Commission are performed by this Office in collaboration with the Solicitor General of the United States, who represents the Government in that Court.

The General Counsel functions as the Commission's law officer and principal legal adviser. In addition to the court work, his Office administers the Webb-Pomerene Export Trade Act; passes upon all trade practice rules and "Guides" before their approval and issuance by the Commission; gives informal advice to businessmen on trade regulation matters involving laws administered by the Commission; reviews, analyzes, and prepares reports of the Commission on new legislation; polices Commission cease-and-desist orders for compliance purposes; initiates penalty suits by the Attorney General for enforcement of such orders; institutes court action for enforcement of subpoenas and for enforcement by actions in contempt of court for disobedience to decrees affirming Commission orders; integrates mandatory order compliance with work programs for securing voluntary adherence to stipulations, trade practice rules, and guides.

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production pools, research and development programs, and related agreements under the Small Business Act. These are made subject to consultation with the Chairman of the Commission prior to their being put into effect. The review by the General Counsel's Office of these industry agreements, programs, and pools, is directed to such purposes as aiding small business, eliminating or minimizing anticompetitive effects

with all phases of the Commission's work.

review courts of appeals decisions in favor of the Commission, and granted a petition filed on behalf of the Commission to review an unfavorable decision.

Cases open for further action at the close of the fiscal year comprised 1 in the Supreme Court, 35 in courts of appeals, and 5 in district courts. These included 13 antimonopoly, 18 deceptive-practice, 4 subpena, 1 Clayton Act order enforcement, 4 miscellaneous matters, and 1 trademark cancellation appeal.

The Division filed 46 briefs and memoranda upon the merits, and assisted in the preparation of 29 other briefs filed on the Commission's behalf by the Department of Justice. Thirty-three arguments were made by the Division staff, and nine others by the Department of Justice. Proceedings to obtain court orders enforcing subpoenas were initiated in three cases. Three petitions to institute criminal contempt proceedings were likewise filed. In addition, approximately 200 other papers were filed in cases in Federal litigation. The Division conducted 4 days of trial (in one of the criminal contempt proceedings), made numerous other court appearances,

David W. Erickson, Chicago, Ill. (Seventh Circuit), Ward Laboratories, Inc., New York, N.Y. (Second Circuit), and George M. Voss, Atlanta, Ga. (Fifth Circuit), misrepresentation in connection with the sale of preparations for the treatment of hair and scalp. The courts of appeals upheld the cease-and-desist orders of the Commission.

The Fair, Chicago, Ill. (Seventh Circuit), misbranding and false advertising of fur products. The Commission's order was modified by the court and, as modified, enforced.

Renaire Corp., Springfield, Pa. (Third Circuit), misrepresentation of prices in connection with a home freezer food plan. Petition for review was dismissed upon joint motion.

Mitchell S. Mohr, Los Angeles, Calif. (Ninth Circuit), deceptive practices in obtaining of credit information through use of "skip-tracing" devices. Commission's order was affirmed and enforced.

Six cases arose and reached decision during the year.

Keel Hair & Scalp Specialists, Inc., Oklahoma City, Okla. (Fifth Circuit), misrepresentation in connection with the sale of preparations for the treatment of hair and scalp. The order of Commission to cease and desist was affirmed and enforced.

Audivox, Inc., Boston, Mass. (First Circuit), false advertising of hearing aids. The Commission's order was modified to conform to the Commission's order in Beltone Hearing Aid Co., Docket 7359, and enforced as thus modified.

Mid-Tex Corp., New York, N.Y. (Second Circuit), false advertising of aluminum storm windows. Petition to review was dismissed for lack of prosecution by petitioner.

Basic Books, Inc., Chicago, Ill. (Seventh Circuit), false representations as to price, "free" offers, etc., in connection with the sale of encyclopedias. Cease-and-desist order of Commission was affirmed and enforced.

Niresk Industries, Inc., Chicago, Ill. (Seventh Circuit), false advertising of electric cooker-fryer. Commission order was affirmed and enforced.

Allen V. Tornek, New York, N.Y. (D.C. Circuit), false and misleading advertising of watches. Commission's cease-and-desist order affirmed and enforced.

Pending cases

Travelers Health Association, Omaha, Nebr. (Eighth Circuit), misrepresentation of insurance policies. Pending on remand by the Supreme Court to the court of appeals for further proceedings.

Evis Manufacturing Co., San Francisco, Calif. (Ninth Circuit), false advertising of a water conditioning device. Pending throughout the year.

Subpena Enforcement Cases in Federal Courts

In Courts of Appeals

Decisions

Walter L. Dilger (Beatrice Foods Co.), Chicago, Ill. (Seventh Circuit), appeal from district court decision enforcing Commission subpena. Reversed by Seventh Circuit. The Solicitor General has been requested to file a petition for certiorari.

Flotill Products, Inc., Stockton, Calif. (Ninth Circuit), appeal from district court's enforcement of Commission subpena. Enforcement upheld.

Pending case

Hunt Foods & Industries, Inc., Fullerton, Calif. (Ninth Circuit), appeal from district court's enforcement of Commission subpena.

In District Courts

Decisions

One case pending at the year's beginning was decided during the year: Hunt Foods & Industries, Inc., Fullerton, Calif. (Southern District of California), enforcement ordered.

One case arose and was decided during the year: National Titanium Co., Inc., Vernon, Calif. (Southern District of California), enforcement ordered.

Pending case

Pending at the end of the year was Kayser-Roth Corp., New York, N.Y. (Southern District of New York).

Contempt Proceedings in Federal Courts

In Courts of Appeals

Whitney & Co., Seattle, Wash. (Ninth Circuit), criminal contempt conviction for violation of court decree enforcing Commission's order. Fine of \$2,000 was imposed.

Edwin G. Axel (National Clearance Bureau), East Orange, N.J. (Third Circuit), criminal contempt conviction for violation of court order commanding obedience to Commission order to cease and desist. Fine of \$100 was imposed.

Trade Union Courier Publishing Corp., New York, N.Y. (Third Circuit), conviction for criminal contempt for violation of court decree commanding obedience to Commission order requiring proprietors of labor newspaper to stop (1) making false representations of AFL-CIO connection to induce sales of advertising space, and (2) publishing and attempting to collect for advertisements not ordered. After 4 days of trial before a three-judge panel of the court of appeals, in which 16 prosecution and 4 defense witnesses were examined and cross-examined, the court rendered a verdict holding the corporation, its president, Maxwell C. Raddock, and its vice president and general

manager, Burt Raddock, guilty of criminal contempt. The court imposed fines totaling \$60,000 which were paid to the clerk of the court and deposited in the U.S. Treasury. This is the largest penalty ever imposed for violation of a decree enforcing a Commission order.

Trademark Cancellation Proceeding in Federal Court

Bart Schwartz International Textiles, Ltd., New York, N.Y. (U.S. Court of Customs and Patent Appeals), appeal from a decision of the Trademark Trial and Appeal Board granting the Commission's petition to cancel a fabric trademark registration obtained by fraud. The case remained pending during the year.

Suits Against the Commission in Federal Courts

In District Courts

Nash-Finch Co., Minneapolis, Minn. (District of Columbia), complaint for declaratory judgment that the Commission's interpretation of Public Law 86-107 as applying to preexisting orders be held erroneous. The court granted plaintiff's motion for summary judgment and denied the Commission's cross-motion for summary judgment or for judgment on the pleadings. This is, in effect, a holding that Public Law 86-107, amending the Clayton Act, does not apply to orders issued before its enactment. The case will be appealed.

Bigelow-Sanford Carpet Co., Inc., New York, N.Y., and Courtaulds (Alabama) Inc., Le Moyne, Ala. (District of Columbia), complaints for declaratory judgment and injunctive relief as to the Commission's promulgation of certain of the Rules and Regulations of the Textile Fiber Products Identification Act. The Commission's motion for summary judgment in

Home Diathermy Co., Inc. (S.D.N.Y.). Misrepresentation of the therapeutic value of a diathermy device. Judgment for \$1,000.

Henry Modell et al. (S.D.N.Y.). Misrepresentation of the origin of miscellaneous merchandise. Judgment for \$400.

Moye Photographers (D.C.). Deceptive practices in connection with the sale of photographs. Judgment for \$5,000.

William C. Moore & Co. (W.D.Wash.). Misrepresentation of nursery stock, fertilizer, and planting materials.

Shay Auerbach (E.D.N.Y.) False invoicing of wool products.

United Photography Service (S.D.Calif.). Misrepresentations made in connection with

Cement Institute et al. (docket 3167) is under continued surveillance. This Division has secured detailed information relating to prices, terms and conditions of sale which is now being studied and analyzed in order to make a determination as to compliance in this proceeding.

The Division instituted during fiscal 1960, 29 investigations of compliance with Clayton Act orders, 21 of which are still outstanding. A total of 173 compliance investigations were instituted and supervised by the Division, 36 of which were in connection with antimonopoly matters. The Division received from the Commission for attention to compliance 60 antimonopoly orders and 296 antideceptive orders issued during the year.

Current Order Compliance

The most substantial portion of the Division's work consists of securing compliance reports and, where necessary, enforcing compliance with orders currently issued. As each order is issued the Division must study and analyze reports to insure that respondents adjust their business practices to conform to the Commission's cease and desist orders, and where voluntary compliance cannot be obtained, to initiate and pursue enforcement in the court.

Statistics on Matters and Cases Handled in Fiscal 1960

"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 preliminary inquiries into compliance. Each category of these "matters" is a distinct operation requiring substantial man-hours. In other words, the same case often requires handling several times, as is apparent from the following table showing the number of "matters" and the number of "cases" handled, and disclosing that 1,251 "matters" handled involved but 451 cases.

	Matters	Fiscal 1960
Total pending July 1, 1959 -----		1,719
Received during year -----		1,403
Total for disposition during year 1	, 7 1 9	-----

OFFICE OF EXPORT TRADE

The Office of Export Trade administers the Webb-Pomerene (Export Trade) Act (15 U.S.C. § 61-65).

The legislative purpose of the act was to confer immunity from civil and criminal prosecution under the Sherman antitrust law, with proper safeguards to restraints of trade within the United States, in order to facilitate the movement of American products to foreign countries and to enable exporters to compete successfully in foreign markets.

The law sanctions U.S. business competitors to organize an export trade association for the purpose of engaging exclusively in export trade. Each such association is obliged to file with the Commission a statement giving information concerning its officers, its stockholders or members, and its place of business. It must also furnish a copy of its articles of incorporation or its contract of association.

Traditionally associations which have registered under the statute have reported a broad range of trading advantages derived from the act's permissive features. The chief benefits are realized from the absence of competition; greater economies in the profit potential of marketing; improved skills and less expense in the exploitation and expansion of foreign markets; stronger ability to negotiate foreign trade impediments and other advantages which accrue through cooperative action.

408 U.S. corporations have organized 35 export trade associations. These associations have a variety of functions. They may purchase the members' products and sell them to foreign buyers at terms agreed upon by the members. Others serve as central selling agents for their members. Some associations direct the exports of members solicited by agents established by the members abroad.

These associations export a wide variety of products, including machine tools, motion pictures, rubber tires and tubes, raw materials, ores, lumber, and agricultural products, textiles, and paperboard.

Section 4 of the act is an amendment to the Federal Trade Commission Act. It extends the jurisdiction of the Commission to unfair methods of competition in export trade even though the acts constituting such unfair practices are done overseas.

The Office of Export Trade acts as the guardian of export trade associations, always watchful that the activities, practices, and policies of the association are conducted according to law. The Office also advises American businessmen as to the formal and operational standards of the act and cooperates with and assists other bureaus of the Commission and Departments of Justice, State, and Commerce on international trade problems.

The approximate value of American products shipped abroad by export trade associations during the last 2 years is as follows:

	1958	1959
Metal and metal products -----	\$72,925,230	\$20,542,220
Products of mines and wells -----	247,154,835	142,051,226
Lumber and wood products -----	4,586,248	4,182,080
Foodstuffs -----	168,282,273	203,691,856
Miscellaneous—including abrasives, motion pictures, pencils, pulp, paper and paperboard, rubber tires and tubes, and textiles -----	522,189,938	537,239,135
Total -----	1,015,138,524	907,706,517

LEGISLATION

As principal legal

The need for the legislation arises from the fact that, by the time the Commission can institute antimerger proceedings and effectuate appropriate orders, the merging companies may have become so intermingled that the problem of "unscrambling eggs" is encountered, or respondent corporations may divest themselves of assets acquired through merger, thus complicating the efforts of the Commission to restore premerger competitive conditions.

The Textile Fiber Products Identification Act, Public Law 85-897, enacted September 2, 1958, became effective 18 months thereafter on March 3, 1960. The act, in general, takes up where the Wool Products Labeling Act of 1939 left off, being designed to cover the field of textile fiber content labeling and advertising, except as already covered by the Wool Products Labeling Act. Although primarily for the benefit of the consumer in providing truthful disclosure of fiber content, other objectives are to provide protection to textile producers, manufacturers, and distributors from the unrevealed presence of substitutes and mixtures.

The Federal Trade Commission is authorized to enforce the act through administrative procedures provided under the Federal Trade Commission Act. Violators are subject to orders to cease and desist, and, under specified circumstances, temporary injunctions pending Commission proceedings may be sought in U.S. district courts. Misdemeanor provisions are provided for willful violations.

In the course of legislative work during fiscal 1959, the Commission reported on 103 bills and legislative proposals. In addition, oral presentation and participation was made with regard to 19 bills or items of congressional committee consideration.

CONSULTATION

This Bureau is responsible for executing the Commission program to secure voluntary compliance with the laws that it administers. Emphasized in this program are the prevention and correction of violations of law through education, advice, and informal negotiation.

The principal general educational tools are Trade Practice Rules and Guides. Individualized advice to business is provided through interpretations of Rules and Guides and answers to inquiries of small businessmen. Alleged law violations are corrected informally and expeditiously through the Stipulation program and Trade Practice Rule and Guide provisions.

During the year, the Commission issued Guides Against Bait Advertising and Guides Against Deceptive Advertising of Guarantees, two principal areas of consumer deception.

The Bureau, through simultaneous negotiations with major cigarette manufacturers, secured agreement to eliminate tar and nicotine claims from their advertising—a

practices under the Federal Trade Commission Act and discriminatory practices under the Robinson-Patman Act and (2) by diligent administration of the former, to see that a maximum degree of voluntary compliance with the law is obtained. Where voluntary compliance cannot be obtained, the Guides serve the additional purpose of spotlighting persistent violations which warrant formal action.

The program had its beginning on September 15, 1955, with the issuance of the Cigarette Advertising Guides. During the year, administration of these Guides was responsible for eliminating some 62 questionable claims involving 30 different brands of cigarettes. In the most important achievement under this program the seven major manufacturers agreed to delete all tar and nicotine claims from cigarette advertising—a noteworthy example of industry-government cooperation to eliminate a practice considered deceptive and confusing to the public.

During the year, administration of the Tire Advertising Guides, which became operative August 27, 1958, continued with the handling of 204 cases, 50 of which were closed upon receipt of adequate assurances of discontinuance and revised advertising. The Guides were particularly successful in obtaining compliance with the requirement that advertisers of used tires clearly disclose that they are not new products, especially regarding retreaded tires, where confusing language had been the rule rather than the exception. Also, efforts were continued to insure that all advertisers of tires nondeceptively disclose all material terms and conditions of their guarantees.

Compliance work under the Guides Against Deceptive Pricing, adopted October 2, 1958, continued at a rapidly expanding rate. Compliance matters handled during fiscal 1960 doubled those handled during the preceding year. With the workload increasing at such a pace, it became imperative that means be devised to obtain swifter and wider compliance on an industry and area-wide basis. This was necessary both for the effectiveness of the Guides and to minimize competitive inequities which sometimes result from the initiation of formal cases on an individual basis.

The first step in this direction occurred when a group of furniture retailers in the District of Columbia were invited to meet with our staff to discuss comparative price advertising. Without reaching any conclusions as to the legality of their past advertising, the staff invited questions about the proper use of comparative price claims, explained the requirements of the Guides, and then solicited voluntary agreements to comply with the Guides. The results of this meeting have been such that we are now considering plans for continued use of the same procedure in the District of Columbia and other areas of the country which appear to offer similar opportunities for success.

Additionally, industrywide inquiries were launched into the scope and effect of particular types of representations, such as list prices, in order to effect compliance on a simultaneous basis throughout whole industry groups, thus further attempting to minimize competitive inequities while speeding up our work.

Evidence of the continued interest in these Guides throughout the country can be found in the fact that approximately 15,000 additional copies were mailed in response to 388 requests. Combined with the copies which have been reproduced and distributed by trade associations and other business enterprises at their own expense, we estimate that

conspicuously just what is covered by the

Rulemaking Work

While a proceeding to establish trade practice rules may be authorized on the Commission's own motion, proceedings for this purpose are usually authorized pursuant to an application from a representative group in an industry. When an application is received, the Division considers the proposal from the standpoint of likelihood of the proposed proceeding effecting substantial improvement in law observance by the industry members, and makes a report thereon with recommendations to the Commission. The proceeding is authorized only when it appears to the Commission that it will constructively advance the best interests of the industry on sound competitive principles in consonance with public policy and bring about more adequate and equitable observance of laws under which the Commission has jurisdiction.

Following authorization by the Commission of a trade practice conference proceeding for an industry, the Division schedules and conducts a conference at a city convenient for attendance by the greatest number of the industry membership. All members of the industry are invited and given an opportunity to propose and discuss appropriate trade practice rules for their industry. After consideration of all matters presented at such conference and other available relevant information, the Division prepares a draft of proposed rules in the form deemed appropriate and submits them to the Commission for rele59.04 0 TD 0 Teoj 4.32 0 TD -0.01

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of the year proceedings for the establishment of rules for 28 industries were pending.

The trade practice rules promulgated for the Tire and Tube Repair Material Industry furnish needed guidance as to legal requirements, particularly those contained in the Robinson-Patman Act, which are applicable to trade practices in the industry. To clarify requirements of the Robinson-Patman Act, these rules contain examples of violations of such act including some tailored for this particular industry.

Rules for the Woodworking Machinery Industry as revised reflect present legal requirements and cover ~~even~~ trade practices in the industry. The old rules for this industry were promulgated in May 1933, and did not accurately reflect present legal requirements.

Amendment of the ~~rule~~ for the Jewelry Industry was for the purpose of specifying the minor and functional parts of jewelry items which should be regarded as exempt from certain quality markings and representations.

Rules for the Rayon and ~~Artificial Silk~~ Textile Industry, Linen Industry, and Silk Industry were rescinded in view of their limited application due to enactment of the Textile Fiber Products Identification Act, which became effective on March 3, 1960, and the Rules and Regulations issued thereunder. () -9j 2.1(rescinded) Tj 4ing the take8 -15.36 TDvTc () 77 2.52 C

Additional applications for trade practice conferences received and given attention during the year by the Division were filed for the Wholesale Optical Industry (Revision), Hearing Aid Industry (Revision), Fresh Citrus Fruit Industry (Florida), Stationery Industry, and Toy Industry. The applications for the last two industries mentioned were filed after representatives of the Division addressed members of such industries at their association meetings. Staff members of the Division have since conferred with representatives of all such industries to discuss matters involved or assist in the performance of necessary preliminary work.

Other pending proceedings advanced during the year include those for the Metallic Watch Band Industry (formerly designated "Watch Attachments Industry"), Luggage and Related Products Industry, and Feather and Down Industry.

The Division's activities during the year also included informal conferences with industry groups and trade association committees and executives in connection with prospective proceedings for the Smooth Surface Floor Coverings, Plastic Weatherstripping, Poultry Hatching and Breeding, and Biscuits Industries, as well as in Washington, D.C., New York City, and elsewhere. This work required the attention of 5840 F.D.O. of the Division's staff at 920am 00

tion, illegal brokerage, discriminatory promotional allowances, and other types of monopolistic and restraint of trade practices as well as deceptive labeling and advertising practices.

Educational work designed to effect voluntary compliance included a conference with more than 100 representatives of large department stores, chain drug stores and chain variety stores in New York City on June 10, 1960. The agenda included a discussion by Division staff members of the trade practice rules applicable to the advertising and sale of a wide variety of jewelry articles and watches as well as the Commission's Guides Against Deceptive Pricing, Guides Against Deceptive Advertising of Guarantees, Guides Against Bait Advertising, and Guides for Advertising Allowances and Other Merchandising Payments and Services. Many business houses learned for the first time the requirements of the rules and guides and of their responsibility in the sale of jewelry, watches, and other commodities.

Staff members have also attended annual meetings of industry associations and other industry meetings to discuss laws administered by the Commission as interpreted in trade practice rules and to counsel industry members as to how these laws apply to specific courses of business conduct.

Statistics relating to rule compliance activities during fiscal 1960 are as follows:

Compliance matters pending July 1, 1959 -----	551
New compliance matters initiated during the year -----	584

Total for disposition -----	1,135
Disposed of during year -----	774

Pending June 30, 1960 -----	361

Very substantial rule compliance work was accomplished during the year with respect to industry practices, including those of the following industries:

Radio and Television Industry. In this field attention was given to practices on the part of sellers at all levels of distribution with primary emphasis on effecting discontinuance of deception of purchasers through failure to reveal when picture tubes contain used parts, and through misrepresentation of the actual viewable area of picture tubes. Over 80 instances of rule compliance were effected during the year.

Jewelry and Watch Industries. Among practices corrected in these industries were: failure to disclose foreign origin of products; misrepresentation of the gold content of watches and jewelry items; misrepresenting that watches are guaranteed, shockproof and waterproof; use of the words "ruby," "emerald," "sapphire," etc., to describe synthetic and imitation stones; and overstating the "usual" or "reg-

ular" price of merchandise so that the so-called "reduced" price appears a bargain.

Bedding Manufacturing and Wholesale Distributing Industry. Persistent activity in administration of these rules has resulted in further substantial progress in eliminating retail price misrepresentation in advertising and by preticketing, and in halting advertising and labeling claims that products are guaranteed without disclosure of the nature and extent of the guarantee and the obligation and identity of the guarantor.

Private Home Study Schools. Administration of the rules for this industry has eliminated a variety of false and misleading practices including misuse of "help wanted" advertising in obtaining studng

DIVISION OF STIPULATIONS

In furtherance of the program for obtaining voluntary law observance, this Division negotiates agreements or stipulations providing for the discontinuance of practices

A distributor of cameras agreed to make prompt refund of purchase money to customers, upon demand, when merchandise ordered by them is not in stock or available for prompt delivery, and to stop using harassing tactics in an effort to coerce customers into accepting substitute merchandise.

An advertiser of a vitamin-mineral preparation agreed to stop representing that the product will prevent tooth or bone decay.

A manufacturer and a distributor of combs composed chiefly of plastic agreed not to represent that their combs were made of rubber.

A shoe manufacturer agreed to stop representing that its shoes will keep the feet healthy or will correct or prevent any defect, deformity, or abnormality of the feet.

A safety razor manufacturer agreed not to represent that razor blades are given "free" without clearly disclosing the conditions under which the blades are obtainable.

An advertiser of a medicinal preparation in tablet form agreed to stop representing that its product will cause the kidneys to work properly.

A magazine publisher agreed to stop employing deceptive means in attempting to induce payment of past due accounts.

A distributor of mattresses agreed not to ship any merchandise not identical in all respects to that ordered by a purchaser, except with the consent of the purchaser.

A distributor of a vibrating device agreed to stop claiming that the product is of value in treating diseases or disorders of the nervous system or circulatory system.

A distributor of hotel supplies agreed to stop representing that it manufactures the merchandise sold by it.

A manufacturer of trusses agreed not to represent that the product will correct or cure backache.

A perfume manufacturer agreed not to use French names for its perfumes without clearly disclosing that the products were manufactured in the United States.

A distributor of slats used in venetian blinds agreed to stop representing that its product has been approved by the U.S. Government.

A seller of surplus Army and Navy goods agreed to stop representing that his entire stock of an article is Army or Navy surplus.

Initial Compliance

Reports showing satisfactory compliance with 112 newly approved stipulations were received and filed during the year. The files in eight matters in which compliance was not considered satisfactory or further investigation was needed were referred to the Bureau of Investigation.

antitrust field. The greater part of the Division's work is giving informal advice and opinions on questions relating to the legality of courses of business practices in which the inquirer either is engaging or intends to engage, or which competitors, suppliers, and others are engaging. Each problem is given the necessary research, consultation, or liaison work required. The advice and opinions furnished are supported by citations and pertinent documents where appropriate.

In rendering the services available in this Division, the small businessman, who might not otherwise have the resources to compete in areas where unfair or restrictive business practices exist, is given the protection afforded under all the statutes administered by the Commission.

Statistical Summary

Matters in process July 1, 1959	20
Matters received during fiscal year 1960	547
Matters completed during fiscal year 1960	513
Matters in process June 30, 1960	54

Of the 513 matters completed during the year, 150 were antimonopoly, 303 were antideceptive, and 60 were miscellaneous. These matters also included 126 personal conferences. In addition, the Division handled 116 general matters assigned to it for special handling.

ECONOMICS

The functions of this Bureau are to

According to the report, corporate chains increased their share of total food sales in these areas from 29 percent in 1948 to 44 percent in 1958. Retailer-owned cooperative member stores increased their share from 8 to 19 percent, and the voluntary group stores from 5 to 12 percent. Unaffiliated retailers, meanwhile, dropped from 58 to 25 percent. The report adds that the figures for cooperative, voluntary, and unaffiliated stores are broad approximations based on estimates, but the margin of error is not so great as to leave any doubt as to the overall trend.

The report also deals with other important changes which have occurred in food retailing and distribution since the Commission's chainstore studies of 1931-34. These include (1) a higher degree of processing by food manufacturers, which has materially lightened the work of the housewife; (2) improvements in transportation, handling, food preserving, and distribution methods generally; (3) a continuing shift from separate meat, produce, and grocery stores to one-stop food stores; (4) replacement of smaller stores by supermarkets, expansion in size, equipment, and number of items carried by supermarkets, and location of supermarkets in new shopping centers; and (5) the spread of self-service throughout food retailing.

The report estimates the questionnaires secured data on retail stores with about 90 percent of 1958 grocery store sales. Field interviews also were conducted.

In January 1960 planning was begun on part II of the Economic Inquiry into Food Marketing. The objective of part II is to push further the part I analysis and to show the effect of concentration and integration through mergers and otherwise on competitive practices such as promotional and brokerage allowances; uniform, and possibly collusive, pricing; discrimination as to size of purchasers; and trends in private labels in all steps of the distribution of frozen foods and canned food, but with special emphasis on the distribution through chainstores. It is felt that this broad but penetrating approach will bring to light significant trends and relationships, internal and external, in this segment of the economy.

APPROPRIATIONS AND FINANCIAL OBLIGATIONS

FUNDS AVAILABLE FOR THE FISCAL YEAR 1960

Funds available to the Commission

APPENDIXES

Federal Trade Commissioners—1915-60

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar. 16, 1915 – Mar. 18, 1918.
Edward N. Hurley	Illinois	Mar. 16, 1915 – Jan. 31, 1917.
William J. Harris	Georgia	Mar. 16, 1915 – May 31, 1918.
Will H. Parry	Washington	Mar. 16, 1915 – Apr. 21, 1917.
George Rublee	New Hampshire	Mar. 16, 1915 – May 14, 1916.
William B. Colver	Minnesota	Mar. 16, 1917 – Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917 – Nov. 30, 1919.
Victor Murdock	Kansas	Sept. 4, 1917 – Jan. 31, 1924.
Huston Thompson	Colorado	Jan. 17, 1919 – Sept. 25, 1926.

Statutes Pertaining to the Federal Trade Commission

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

1. Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717), and subsequently amended as Indicated below.
2. Clayton Act, sections 2, 3, 7, 8 and 11, approved October 15, 1914 (38 Stat. 730, 731, 732), amended as Indicated below.
3. Webb-Pomerene Export Trade Act, approved April 10, 1918 (40 Stat. 516).
4. Wheeler-Lea Act, approved March 21, 1938 (52 Stat. 111), amending the Federal Trade Commission Act.
5. Robinson-Patman Act, approved June 19, 1936, and amendment thereto approved May 26, 1938 (49

created and established, to be known as the Federal Trade Commission (hereinafter referred to as the commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the date of the taking effect of this Act, the term of each to be designated by the President, 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 commissioner whom he shall succeed: Provided, however, That upon the expiration of his term of office a Commissioner shall continue to serve until his successor shall have been appointed and shall have qualified. The commission shall choose a chairman from its own membership.² No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the commission shall not impair the right of the remaining commissioners to exercise all the powers of the commission.

The commission shall have an official seal, which shall be judicially noticed.

SEC. 2. That each commissioner shall receive a salary of \$10,000 a year, payable in the same manner as the salaries of the judges of the courts of the United States.³ The commission shall appoint a secretary, who shall receive a salary of \$5,000 a year,⁴ payable in like manner, and it shall have authority to employ and fix the compensation of such attorneys, special experts, examiners, clerks and other employees as it may from time to time find necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress.⁵

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be a part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the commission and by the Civil Service Commission.

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

² Under the provisions of section 3 of Reorganization Plan No. 8 of 1950, effective May 24, 1950 (as published in the Federal Register for May 25, 1950, at p. 3175), the functions of the Commission with respect to choosing a chairman from among the membership of the Commission were transferred to the President. Under said plan, prepared by the President and transmitted to the Senate and House on Mar. 13, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, there were also transferred to the Chairman of the Commission, subject to certain limitations, "the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment and supervision of personnel employed under the Commission, (2) the distribution of business among such personnel and among administrative units of the Commission, and (3) the use and expenditure of funds."

³ The salary of the Chairman was fixed at \$20,500 and the salaries of the other four Commissioners at \$20,000 by Sec. 105 (9) and Sec. 106 (a) (45), respectively, of Public Law 854, 84th Cong., ch. 804, 2d sess., H.R. 7619

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

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the commission.⁶

SEC. 3. That upon the organization of the commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending investigations and proceedings of the Bureau of Corporations shall be continued by the commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the 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 power 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

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.

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

products, which by this Act is made subject to the power or Jurisdiction of the Secretary, as follows :

"(1) When the Secretary in the exercise of his duties requests of the Commission that it make investigations and reports in any case.

"(2) In any investigation of, or proceeding for the prevention of, an alleged violation of any Act administered by the Commission, arising out of acts or transactions involving meat, meat food products, livestock products in unmanufactured form, or poultry products, if the Commission determines that effective exercise of its power or Jurisdiction with respect to retail sales of any such commodities is or will be impaired by the absence of power or jurisdiction over all acts or transactions involving such commodities in such investigation or proceeding. In order to avoid unnecessary duplication of effort by the Government and burdens upon the industry, the Commissioner shall notify the Secretary of such determination, the reasons therefor, and the acts or transactions involved, and shall not exercise power or jurisdiction with regard to acts or transactions (other than retail sales) involving such commodities if the Secretary within ten days from the date of receipt of the notice notifies the Commission that there is pending in his Department an investigation of, or proceeding for the prevention of, an alleged violation of this Act involving the same subject matter.

"(3) Over all transactions in commerce in margarine or oleomargarine and over retail sales of meat, meat food products, livestock products in unmanufactured form, and poultry products.

"(c) The Federal Trade Commission shall have no power or jurisdiction over any matter which by this Act is made subject to the jurisdiction of the Secretary, except as provided in subsection (b) of this section."

* * * * *

The same Public Law also amended subsection 6 of sec. 5(a) of the Federal Trade Commission Act (15 U.S.C. 45 (a) (6) and 38 Stat. 719) by substituting "persons, partnerships, or corporations insofar as they are subject to the Packers and Stockyards Act, 1921, as amended, except as provided in sec. 406(b) of said act" for "persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in sec. 406(b) of said act."

section.⁸ 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 days⁹ 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 transmitted by the clerk of the court to the Commission, and thereupon the Commission shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United, States Code. Upon such filing of the petition the court shall have jurisdiction of the proceeding and of the question determined therein concurrently with the Commission until the filing of the record and shall have power to make and enter 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.¹⁰The 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 therei (t h a t) T j 1 6 . 6 8 0 T D

(e) Such proceedings In the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in ever way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person,

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 had 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 of the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for tach 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.¹²

SEC. 6. That the commission shall also have power—¹³

(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 of

to be violating the antitrust Acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

(f) To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual

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, n e r c ssu9918 T 0 7 Tj 1.920 TD 0 drs(m2Tj 1.92 0(b c ()-4 720n) Tj 46.68 0 T509 Tc (it: 0

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, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in commerce of food, drugs, devices, or cosmetics.

(b) The dissemination or the causing to be disseminated of any false advertisement within the provisions of subsection (a) of this section shall be an unfair or deceptive act or practice in commerce within the meaning of section 5.

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

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

(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public.

the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or in the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership, or corporation resides or transacts business.

(b) Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication, published at regular intervals—

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

Packers and Stockyards Act

[Public Law 85-909, 85th Congress, H.R. 9020, September 2, 1958]

AN ACT To amend the Packers and Stockyards Act, 1921, as amended, and for other purposes

Be, it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Packers and Stockyards Act, 1921, as amended (42 Stat. 159, as amended; 7 U.S.C. 181 and the following), is amended as follows:

(1) By amending section 202 by inserting after the word "unlawful" the words "with respect to livestock, meats, meat food products, livestock products in unmanufactured form, poultry, or poultry products".

(2) By amending section 406 by striking out subsection (b) and inserting in lieu thereof the following:

“(b) The Federal Trade Commission shall have power and jurisdiction over any matter involving meat, meat food products, livestock products () Tj 1.8 0 TD -0.0127 T(42

Trade Commission of such determination, the reasons therefor, and the acts: or transactions involved, and shall not exercise power or jurisdiction with respect to acts or transactions involving oleomargarine or retail sales of meat, meat food products, livestock products in unmanufactured form, or poultry products if the Commission within ten days from the date of receipt of such notice notifies the Secretary that there is pending in the Commission an investigation of, or proceeding for the prevention of, an alleged violation of any Act administered by the Commission involving the same subject matter.

"(e) The Secretary of Agriculture and the Federal Trade Commission shall include in their respective annual reports information with respect to the administration of subsections (b) and (d) of this section."

SEC. 2. Said Act is further amended—

(1) by striking out the words "at a stockyard" from sections 301 (c) and 301 (d) ;

(2) by striking out the last sentence of section 302 (a) : Provided, however, That nothing herein shall be deemed a definition of the term "public stockyards" as used in section 15(5) of the Interstate Commerce Act;

(3) by Inserting after the first sentence in section 303 the following sentence : "Every other person operating as a market agency or dealer as defined in section 301 of the Act may be required to register in such manner as the Secretary may prescribe.";

(4) by amending section 311 by striking out the words "stockyard owner or market agency" wherever they occur and inserting "stockyard owner, market agency, or dealer" and by striking out "stockyard owners or market agencies" and inserting "stockyard owners, market agencies, or dealers";

(5) by striking out the words "at a stockyard" from section 312 (a).

SEC. 3. Subsection 6 of section 5 (a) of the Federal Trade Commission Act (15 U.S.C. 45 (a) (6)) is amended by striking out "persons, partnerships or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b) of said Act", and substituting therefor the following: "persons, partnerships, or corporations insofar as they are subject to the Packers and Stockyards Act, 1921, as amended, except as provided in section 406 (b) of said Act".

SEC. 4. Section 407 of the Packers and Stockyards Act, 1921, as

cludes the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety;

revise the same as it finds

SEC. 3. TYING OR EXCLUSIVE LEASES, SALES, OR CONTRACTS. (38 Stat.731;15 U.S.C.A., sec.
14.)

Until February 1, 1939, nothing in this section shall prohibit any director, officer, or employee of any member bank of the Federal Reserve System, or any branch there, who is lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association,

SEC. 10.

occured or within which such person resides or carries on business, by filing in the court, within sixty days after the date of the service of such order, a written petition praying that the order of the commission or board be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the commission or board, and thereupon the commission or board shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon such filing of the petition the court shall have jurisdiction of the proceeding and of the question determined therein concurrently with the commission or board until the filing of the record, and shall have power to make and enter a decree affirming, modifying, or setting aside the order of the commission or board, 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 or board as to the facts, if supported by substantial evidence, shall be conclusive. To the extent that the order of the commission or board is affirmed, the court shall issue its own order commanding obedience to the terms of such order of the commission or board. 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 or board, the court may order such additional evidence to be taken before the commission or board, 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 or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and shall file such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court

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board may thereafter modify or set aside its order to the extent provided in the, last sentence of subsection (b) ; or

(2) upon the expiration of the time allowed for filing a petition for certiorari, if the order of the commission or board has been affirmed, or the petition for review has been dismissed by the court of appeals, and no petition for certiorari has been duly filed; or

(3) upon the denial of a petition for certiorari, if the order of the commission or board has been affirmed or the petition for review has been dismissed by the court of appeals; or

(4) upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the order of the commission or board be affirmed or the petition for review be dismissed.

(h) If the Supreme Court directs that the order of the commission or board be modified or set aside, the order of the commission or board rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of thirty days from the time it was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected to accord with the mandate, in which event the order of the commission or board shall become final when so corrected.

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

(j) If the Supreme Court orders a rehearing, or if the case is remanded by the court of appeals to the commission or board for a rehearing, and if (1) the ~~it~~with ~~not~~ts Tc () Tj 3.84 0 T Tj 7. 1.92 penstsson and ~~not~~ has
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an inhabitant, but also in any district wherein it

when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: Provided, That nothing herein contained shall be construed to entitle any person, firm, corporation, or association, except the United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the Interstate Commerce Commission.

SEC. 17.

deem proper, conditioned upon the payment of such costs and damages as may be incurred or suffered by any party who may be found to have been wrongfully enjoined or restrained thereby.

SEC. 19. ORDERS OF INJUNCTION OR RESTRAINING ORDERS—REQUIREMENTS. (38 Stat. 738; 28 U.S.C.A., sec. 383.)

SEC. 19.¹⁰ That every order of injunction or restraining order shall set forth the reasons for the issuance of the same, shall be specific in terms, and shall describe in reasonable detail, and not by reference to the bill of complaint or other document, the act or acts sought to be restrained, and shall be binding only upon the parties to, the suit, their officers, agents, servants, employees and attorneys, or those in active concert or participating with them, and who shall, by personal service or otherwise, have received actual notice of the same.

SEC. 20. RESTRAINING ORDERS OR INJUNCTIONS BETWEEN AN EMPLOYER AND EMPLOYEES, EMPLOYERS AND EMPLOYEES, ETC., INVOLVING OR GROWING OUT OF TERMS OR CONDITIONS OF EMPLOYMENT. (38 Stat. 738; 29 U.S.C.A., sec. 52.)

SEC. 20. That no restraining order or injunction shall be granted by any court of the United States, or a judge or the judges thereof, in any case between an employer and employees, or between employers and employees, or between employees, or between persons employed and persons seeking employment, involving, or growing out of, a dispute concerning terms or conditions of employment, unless necessary to prevent irreparable injury to property, or to a property right of the party making the application, for which injury there is no adequate remedy at law, and such property or property right must be described with particularity in the application which must be in writing and sworn to by the applicant or by his agent or attorney.

And no such restraining order or injunction shall prohibit any person or persons, whether singly or in concert, from terminating any relation of employment, or from ceasing to perform any work or labor, or from recommending, advising, or persuading others by peaceful means so to do; or from attending at any place where any such person or persons may lawfully be, for the purpose of peacefully obtaining or communicating information, or from peacefully persuading any person to work or to abstain from working; or from ceasing to patronize or to employ any party to such dispute, or from recommending, advising, or persuading others by peaceful and lawful means so to do; or from paying or giving to, or withholding from, any persons engaged in such dispute, any strike benefits or other moneys or things of value; or from peaceably assembling in a lawful manner, and for lawful purposes; or from doing any act or thing which might lawfully be done in the absence of such dispute by any party thereto; nor shall any of the acts specified in this paragraph be considered or held to be violations of any law of the United States.

SEC. 21. DISOBEDIENCE OF ANY LAWFUL WRIT, PROCESS, ETC., OF ANY UNITED STATES DISTRICT COURT, OR ANY DISTRICT OF COLUMBIA COURT. (38 Stat. 738; 28 U.S.C.A., sec. 386.)

SEC. 21.¹¹ That any person who shall willfully disobey any lawful writ, process, order, rule, decree, or command of any district court of the United States or any court of the District of Columbia by doing any act or thing therein, or thereby forbidden to be done by him, if the act or thing so done by him be of such character as to constitute also a criminal offense under any statute of the United States, or under the laws of any State in which the act was committed, shall be proceeded against for his said contempt hereinafter provided.

¹⁰ Ibid.

¹¹ See footnote 13.

SEC. 23. EVIDENCE, APPEALS. (38 Stat. 739; 28 U.S.C.A., sec. 388.)

SEC. 23.¹³ That the evidence taken upon the trial of any persons so accused may be preserved

Flammable Fabrics Act

(Approved June 30, 1953; 67 Stat. 111; 15 U. S. C. Sec. 1191)

(b) The sale or the offering for sale, in commerce, or the importation into the United States, or the introduction, delivery for introduction, transportation or causing to be transported in commerce or for the purpose of sale or delivery after sale in commerce, of any fabric which under the provisions of section 4 of this Act is so highly flammable as to be dangerous when worn by individuals, shall be unlawful and shall be an unfair method of competition and an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act.

(e) The manufacture for sale, the sale, or the offering for sale, of any article of wearing apparel made of fabric which under section 4 is so highly flammable as to be dangerous when worn by individuals and which has been shipped or received in commerce shall be unlawful and shall be an unfair method of competition and an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act.

STANDARD OF FLAMMABILITY

SEC. 4. (a) Any fabric or article of wearing apparel shall be deemed so highly flammable within the meaning of section 3 of this Act as to be dangerous when worn by individuals if such fabric or any uncovered or exposed part of such article of wearing apparel exhibits rapid and intense burning when tested under the conditions and in the manner prescribed in the Commercial Standard promulgated by the Secretary of Commerce effective January 30, 1953, and Identified as "FLAMMABILITY of Clothing Textiles, Commercial Standard 191-53," or exhibits a rate of burning in excess of that specified in paragraph 3.11 of the Commercial Standard promulgated by the Secretary of Commerce effective May 22, 1953, and identified as "General Purpose Vinyl Plastic Film, Commercial Standard 192-53." For the purposes of this Act, such Commercial Standard 191-53 shall apply with respect to the hats, gloves, and foot wear covered by section 2 (d) of this Act, notwithstanding any exception contained in such Commercial Standard with respect to hats, gloves, and footwear.

(b) If at any time the Secretary of Commerce finds that the Commercial Standards referred to in subsection (a) of this section are inadequate for the protection of the public interest, he shall submit to the Congress a report setting forth his findings together with such proposals for legislation as he deems appropriate.

(c) Notwithstanding the provisions of paragraph 3.1 Commercial Standard 191-53, textiles free from nap, pile, tufting, flock, or other type of raised fiber surface when tested as described in said standard shall be classified as class 1, normal FLAMMABILITY, when the time of flame spread is three and one-half seconds or more, and as class 3, rapid and intense burning, when the time of flame spread is less than three and one-half seconds.¹

ADMINISTRATION AND ENFORCEMENT

(a) The Commission shall enforce the provisions of this Act, except sections 5, 5, 6, and 8 (b) of this Act shall be enforced by the Commission under rules, regulations and procedures provided for in the Federal Trade

mission Act as though the applicable terms and provisions of the said Federal Trade Commission Act were incorporated into and made a part of this Act.

course of its business; or

distributor, or seller of the textile fiber product to which the false or deceptive advertisement relates,
if such publisher or other

(4) If it is an imported textile fiber product the name of the country where processed or manufactured.

(c) For the purposes of this Act, a textile fiber product shall be considered to be falsely or deceptively advertised if any disclosure or implication of fiber content is made in any written advertisement which is used to aid, promote, or assist directly or indirectly in the sale or offering for sale of such textile fiber product, unless the same information as that required to be shown on the stamp, tag, label, or other identification under section 4 (b) (1) and (2) is contained in the heading, body, or other part of such written advertisement, except that the percentages of the fiber present in ~~it~~ shall

(b) Any person—

(d) The Commission is authorized to cause inspections, analyses, tests, and examinations to be made of any product subject to this Act.

INJUNCTION PROCEEDINGS

SEC. 8. Whenever the Commission has reason to believe—

(a) that any person is doing, or is about to do, an act which by section 3, 5, 6, 9, or 10 (b) is declared to be unlawful; and

(b) that it would be to the public interest to enjoin the doing of such act until complaint is issued by the Commission under the Federal Trade Commission Act and such complaint is dismissed by the Commission or set aside by the court on review or until an order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act, the Commission may bring suit in the district court of the United States or in the United States court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin the doing of such act and upon proper showing a temporary injunction or restraining order shall be granted without

EXCLUSION OF MISBRANDED TEXTILE FIBER PRODUCTS

SEC. 9. All textile fiber products imported into the United States shall be stamped, tagged, labeled, or otherwise identified in accordance with the provisions of section 4 of this Act, and all invoices of such products required pursuant to section 484 of the Tariff Act of 1930, shall set forth, in addition to the matter therein specified, the information with respect to said products required under the provisions of section 4(b) of this Act, which information shall be in the invoices prior to their certification, if such certification is required pursuant to section 484 of the Tariff Act of 1930. The falsification of, or failure to set forth the required information in such invoices, or the falsification or perjury of the consignee's' declaration provided for in section 48 of the Tariff Act of 1930, insofar as it relates to such information, is unlawful, and shall be an unfair method of competition, and an unfair and deceptive act or practice, in commerce under the Federal Trade Commission Act; and any person who falsifies, or perjures the consignee's declaration insofar as it relates to such information, may thenceforth be prohibited by the Commission from importing, or participating in the importation of, any textile fiber product into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of said products and any duty thereon, conditioned upon compliance with the provisions of this Act. A verified statement from the manufacturer or producer of such products showing their fiber content as required under the provisions of this Act may be required under regulation prescribed by the Secretary of the Treasury.

GUARANTY

SEC. 10. (a) No person shall be guilty of an unlawful act under section 3 if he establishes a guaranty received in good faith, signed by and containing eTc () Tj2.52 0 TDTreasury.

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to be sold to buyer by seller in a form as the Commission, by rules and regulations, may prescribe; or (3) a continuing guaranty filed with the Commission applicable to all textile fiber products handled by a guarantor in such form as the Commission by rules and regulations may prescribe.

(b) The furnishing of a false guaranty, except where the person furnishing such false guaranty relies on a guaranty to the same effect received in good faith signed by and containing the name and address of the person residing in the United States by whom the product guaranteed was manufactured or from, whom it was received, is unlawful, and shall be an unfair method of competition, and an unfair and deceptive act or practice, in commerce, within the meaning of the Federal Trade Commission Act.

CRIMINAL PENALTY

SEC: 11. (a) Any person who willfully does an act which by section 3, 5, 6, 9, or 10 (b) is declared to be, unlawful shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$5,000 or be imprisoned not more than one year, or both, in the discretion of the court:

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SEPARABILITY CLAUSE

SEC. 13. If any provision of this Act, or the application thereof to any person, as that term is herein defined, is held invalid, the remainder of the Act and the application of the remaining provisions to any person shall not be affected thereby.

APPLICATION OF EXISTING LAWS

SEC. 14. The provisions of this Act shall be held to be in addition to, and not in substitution for or limitation of, the provisions of any other Act of the United States.

EFFECTIVE DATE

SEC. 15. This Act shall take effect eighteen months after enactment, except for the promulgation of rules and regulations by the Commission, which shall be promulgated within nine months after the enactment of this Act. The Commission shall provide for the exception of any textile fiber product acquired prior to the effective date of this Act.

Approved September 2, 1958.

General Investigations by the Commission, since 1915

Since its establishment in 1915, the Federal Trade Commission has conducted numerous general inquiries

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

Agricultural Income (Congress).—Investigating a decline in agricultural income and increases or decreases in the income of corporations manufacturing and distributing wheat, cotton, tobacco, livestock, milk, and potato products (Public Res. 61, 74th, 8/27/35), and table and juice grapes, fresh fruits and vegetables (Public Res. 112, 74th, 6/20/36), the Commission made recommendations concerning, among other things, the marketing of commodities covered by the inquiry; corporate consolidations and mergers;⁵ unbalanced agricultural-industrial relations; cooperative associations; production financing; transportation; and terminal markets. Its recommendations for improvement of the Perishable Agricultural Commodities Act were adopted by Congress in amending that act (Public, 328, 75th) in 1937. [Report of the F.T.C. on Agricultural Income Inquiry, Part I, Principal Farm Products, 1,134 p., 3/2/37 (summary, conclusions, and recommendations, S. Doc. 54, 75th, 40 p., o. p.); Part II, Fruits, Vegetables, and Grapes, 906 p. 6/10/37, o. p.; Part III, Supplementary Report, 154 p., 11/8/37; and interim reports of 12/26/35 (H. Doc. 380, 74th, 6 p.), and 2/1/37 (S. Doc. 17, 75th, 16 p., o. p.).]

Agricultural Prices.—See Price Deflation.

Antibiotics Manufacture (F.T.C.).—Because of the rising importance and the cost of antibiotic drugs, and the lack of published information on their production, a Commission resolution of July 13, 1956, authorized the study which appeared as Economic Report on Antibiotics Manufacture (361 p., 6/27/58). This 6/27/58).

Chain Stores (Senate).—Practically every phase of chain-store operation was covered (S. Res. 224, 70th, 5/5/28), including cooperative chains, chain-store manufacturing and wholesale business, leaders and loss leaders, private brands, short weighing and overweighing and sales, costs, profits, wages, special discounts and allowances, and prices and margins of chain and independent grocery and drug distributors in selected cities. (For subtitles of 33 reports published under the general title, Chain Stores, 1931–33, see F.T.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.⁷ The Commission's recommendations pointed the way to subsequent enactment of the Robinson-Patman Act (1936) prohibiting price and other discriminations, and the Wheeler-Lea Act (1938) which amended the Federal Trade Commission Act so as to broaden the prohibition of unfair methods of competition in section 5 to include unfair or deceptive acts or practices in interstate commerce.

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

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

Coal, Current Monthly Reports (F.T.C.).—The Commission (December 1919) initiated a system of current monthly returns from the soft coal industry similar to those compiled during the World War, 1917–18 (Coal—Monthly Reports on Cost of Production, 4/20/20 to 10/30/20, Nos. 1 to 6, and two quarterly reports with revised costs, 8/25/20 and 12/6/20, processed, o. p.). An injunction to prevent the calling for the monthly reports (denied about 7 years later) led to their abandonment.

Coffee (F.T.C.).—In its 1954 Economic Report of the investigation of

also because the domestic supply is inadequate to meet the demands of high level national production and employment. Furthermore, the production of foreign copper, on which the United States will become increasingly dependent, is likewise dominated by a few corporate groups which in the past have operated cooperatively in cartels to regulate production and prices."

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 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 result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only 3 industries, food, nonelectrical machinery, and textiles and apparel—all predominantly small business fields.

Cost Accounting.—See Accounting Systems.

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

Cotton Industry.—See Textiles.

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

Cottonseed Industry (Senate).—Two resolutions (S. Res. 136, 10/21/29, and S. Res. 147, 11/2/29—71st) directed the Commission to determine whether alleged unlawful combinations of cottonseed oil mill corporations sought to lower and fix prices of cottonseed and to sell cottonseed meal at a fixed price under boycott threat; and whether such corporations acquired control of cotton gins to destroy competitive markets and depress or control prices paid to seed producers (*Investigation of the Cottonseed Industry*, preliminary report, S. Doc. 91, 71st, 4 p., o. p., 2/28/30, and final report, 207 p., o. p., with 11 vols. testimony, S. Doc. 209, 71st, 5/19/33).

Distribution Cost Accounting (F.T.C.).—To provide a guide for current legislation and determine ways for improving accounting methods, the Commission studied distribution cost accounting in connection with selling, warehousing, handling, delivery, credit and collection (Case Studies in Distribution Cost Accounting for Manufacturing and Wholesaling, H. Doc. 287, 77th, 215 p., o. p., 6/23/41).

Distribution.—See Millinery Distribution.

Distribution of Steel Consumption.—A study to determine the distribution of steel in a time of shortage, when control over distribution rests with the producers. (1949–1950) The results of the study were transmitted to the Subcommittee on Monopoly of the Senate Select Committee on Small Business and published as a committee print. (20p) o. p., 3/31/52.

Distribution Methods and Costs (F.T.C.).—This Inquiry into methods and costs of distributing important consumer commodities (F.T.C. Res., 6/27/40) was undertaken by the Commission pursuant to authority conferred upon it by section 6 of the F.T.C. Act. Eight parts of the F.T.C. Report on Distribution Methods and Costs were transmitted to Congress and published under the subtitles: Part I, Important Food Products (11/11/43, 223 p., o. p.); Part III, Building Materials—Lumber, Paints and Varnishes, and Portland Cement (2/19/44, 50 p., o. p.); Part IV, Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements (3/2/44, 189 p., o. p.); Part V, Advertising as a Factor in Distribution (10/30/44, 50 p.); Part VI, Milk Distribution, Prices, Spreads and Profits (6/18/45, 58 p., o. p.); Part VII, Cost of Production and Distribution of Fish in the Great Lakes Area (6/30/45, 59 p.); Part VIII, Cost of Production and Distribution of Fish in New England (6/30/45, 118 p.); and Part IX, Cost of Production and Distribution of Fish on the Pacific Coast (7/25/46, 82 p.). The Inquiries relating to fish were conducted in cooperation with the Coordinator of Fisheries, Interior Department. During World War II special reports on the distribution of some 20 commodity groups were made for confidential use of the Office of Price Administration and other war agencies.

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

Du Pont Investments (F.T.C.).—The Report of the F.T.C. on Du Pont Investments (F.T.C. motion 7/29/27; report, 46 p., o. p. processed, 2/1/29) discussed reported acquisition by E. I. du Pont de Nemours & Co. of U.S. Steel Corp. stock, together with previously reported holdings in General Motors Corp.

Electric and Gas Utilities, and Electric Power.—See Power.

Farm Implements (Senate), Wartime, 1917–18.—The Report of the F.T.C. on the Causes of High Prices of Farm Implements (inquiry under S. Res. 223, 65th, 5/13/18; report, 713 p., o. p., 5/4/20) disclosed numerous trade combinations for advancing prices and declared the consent decree for dissolution of International Harvester Co. to be inadequate. The Commission recommended revision of the decree and the Department of Justice proceeded to that end.

Farm Implements (F.T.C.).—A 1948 report on the Manufacture and Distribution of Farm Implements (160 p., also 8 p. processed summary) concerns the production and distribution policies of large manufacturers of farm machinery. The report includes information respecting important developments and trends in the industry.

Feeds, Commercial (Senate).—Seeking to determine whether purported combinations in restraint of trade existed (S. Res. 140, 66th, 7/31/19), the Com-

mission found that although some association activities were in restraint of trade, there were

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 examination of present laws be made by the legislative and executive branches of the Government to determine what legislation, if any, is needed to permanently eliminate wasteful trade practices and predatory competition which threaten the existence of many small bakers, foredoom new ventures to failure and promote regional monopolistic control of the wholesale bread-baking industry."

Part II presents information concerning prices and pricing practices in the industry, profits earned, and unit costs of production and distribution. It compares the details of production and distribution costs for bread and rolls, other bakery products, and for all bakery products for two operating periods in 1945, March and September. Comparisons of costs are also made for these two periods for plants arranged by geographical areas. Comparisons of the costs of production and distribution are made by size groups of wholesale bakeries.

Food—Fish.—See Distribution Methods and Costs.

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

Food—Flour-Milling Industry, Growth and Concentration in (F.T.C.).—The Commission's study showed that there has been a progressive increase in the size of flour-mill operations and a progressive decrease in the number of flour-milling establishments. Nevertheless, the Commission reported, there is a lesser degree of concentration in the flour-milling industry than in many other important industries. The results of the study were presented to Congress in a report on the Growth and Concentration in the Flour-Milling Industry (6/2/47, 36 p.).

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

Food—Grain Exporters (Senate).—The low prices of export wheat in 1921 gave rise to this inquiry (S. Res. 133, 67th, 12/22/21) concerning harmful speculative price manipulations on the grain exchanges and alleged conspiracies among country grain buyers to agree on maximum purchasing prices. The Commission recommended stricter supervision of exchanges and additional storage facilities for grain not controlled by grain dealers (Report of the F.T.C. on *Methods and Operations of Grain Exporters*, 2 vols., 387 p., o. p., 5/16/22 and 6/18/23).

Food—Grain, Wheat Prices (President).—An extraordinary decline of wheat prices was investigated (President Wilson's directive 10/12/20) and found to be due chiefly to abnormal market conditions (Report of the F.T.C. on *Wheat Prices for the 1920 Crop*, 91 p., o. p., 12/13/20).

Food—Important Food Products.—See Distribution Methods and Costs.

Food—Marketing (F.T.C.).—On October 9, 1958, the Commission launched a study of significant economic trends in food marketing. In the first phase of this investigation facts were developed concerning the growth of corporate chains and voluntary and cooperative wholesalers. On June 30, 1959, the Commission published a statistical report entitled *Economic Inquiry into Food Marketing—Interim Report* (6 p., 22 tables, o. p.). This was followed by publication of *Economic Inquiry into Food Marketing, Part I, Concentration and Integration in Retailing* (January 1960, 338 p.).

Food—Meat Packing Profit Limitation (Senate), Wartime, 1917–18.—Following an inquiry (S. Res. 177, 66th, 9/3/19) involving wartime control of this

mission recommended greater control and lower maximum profits (Maximum Profit Limitation on Meat Packing Industry, S. Doc. 110, 66th, 179 p., o. p. 9/25/19).

Food—Milk.—See Distribution Methods and Costs.

Food—Milk and Milk Products (Senate), Wartime, 1917–18.—Covering an inquiry (S. Res. 431, 65th, 3/3/19) into fairness of milk prices to producers and 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 State and Federal (Summary Report on Conditions with Respect to the Sale and Distribution of Milk and Dairy Products, H. Doc. 94, 75th, 39 p., o. p., 1/4/37). Legislation has been enacted in a number of States carrying into effect all or a portion of the Commission's recommendations.

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

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

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

Food—Sugar (House).—An extraordinary advance in the price of sugar in 1919 (H. Res. 150, 66th, 10/1/19) was found to be due chiefly to speculation and hoarding. The Commission made recommendations

Foreign

Industrial Concentration and Product Diversification in the 1,000 Largest Manufacturing Companies: 1950 (F.T.C.).—This purely statistical report published in January 1957 has 127 pages of text which state

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.); and Report of the F.T.C. on Northern Hemlock and Hardwood Manufacturers Association (52 p., o. p., 5/7/23).

Lumber Trade Association (F.T.C.).—Activities of five large associations were investigated in connection with the Open-Price Associations inquiry to bring down to date the 1919 lumber association inquiry (Chap. VIII of Open-Price Trade Associations, S. Doc. 226, 70th, 516 p., o. p., 2/13/29).

Meat-Packing Profit Limitations.—See Food.

Mergers (F.T.C.).—(See Corporate Mergers.)

Milk.—See Food.

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

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

Motor Vehicles (Congress).—Investigating (Public Res. 87, 75th, 4/13/38) distribution and retail sales policies of motor vehicle manufacturers and dealers, the Commission found, among other things, a high degree of concentration and strong competition; that many local dealers' associations fixed prices and operated used-car valuation or appraisal bureaus essentially as combinations to restrict competition; that inequities existed in dealer agreements and in certain manufacturers' treatment of some dealers; and that some companies' car finance plans developed serious abuses (Motor Vehicle Industry, H. Doc. 468, 76th, 1077 p., o. p., 6/5/39). The leading companies voluntarily adopted a numc (eloped)est pN.

Packer Consent Decree.—See Food (President) Continued—Meat Packing.

Paper—Book (Senate), Wartime, 1917-18.—This inquiry (S. Res. 269, 64th, 9/7/16) resulted in proceedings by the Commission against certain manufacturers to prevent price enhancement and the Commission recommended legislation to repress trade restraints [Book Paper Industry—A Preliminary Report (S. Doc. 45, 65th, 11 p., o. p., 6/13/17), and Book Paper Industry—Final Report (S. Doc. 79, 65th, 125 p., o. p., 8/21/17)].

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

Petroleum Products.—See Distribution Methods and Costs.

Petroleum and Petroleum Products, Prices (President and Congress).—At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: Investigation of the Price of Gasoline, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and Report on the Price of Gasoline in 1915 (H. Doc. 74, 65th, 224 p., o. p., 4/11/17—both pursuant to S. Res. 109, 63d, 6/18/13¹² and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; Advance in the Prices of Petroleum Products (H. Doc. 801, 66th, 57 p., o. p., 6/1/20)—pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; Letter of Submittal and Summary of Report on Gasoline Prices in 1924 (24 p. processed, 6/4/24, and Cong.

line companies which were unfair to small producers (Report on Pipe-Line Transportation of Petroleum, 467 p., o. p., 2/28/16), some of which practices were later remedied by the Interstate Commerce Commission.

Petroleum—Regional Studies (Senate and F.T.C.).—Reports published were: Pacific Coast Petroleum Industry (two parts 4/7/21 and 11/28/21, 538 p., o. p.)—pursuant to S. Res. 138, 66th, 7/31/19; Reports of the F.T.C. on the Petroleum Industry of Wyoming (54 p., o. p., 1/3/21)—pursuant to F.T.C. motion; Petroleum Trade in Wyoming and Montana (S. Doc. 233, 67th, 4 p., o. p., 7/13/22)—pursuant to F.T.C. motion, in which report legislation to remedy existing conditions was recommended; and Report of the F.T.C. on Panhandle Crude Petroleum (Texas) (19 p., o. p., 2/3/28)—pursuant to F.T.C. motion, 10/6/26 (in response to requests of producers of crude petroleum).

Potomac Electric Power Co. (Procurement Director, United States Treasury).—A study (2/29/44) of the financial history and operations of this corporation 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, 68th, 2/9/25) resulted in two reports, the first of which, Electric Power Industry—Control of Power Companies (S. Doc. 213, 69th, 272 p., o. p., 2/21/27) dealt with the organization, control, and ownership of commercial electric-power companies. It called attention to the dangerous degree to which pyramiding had been practiced in superimposing a series of holding companies over the underlying operating companies, ing over 00985 Tc 0.bou -321D40.0059 Tc (Industr

Price Bases (F.T.C.).—More than

Resale Price Maintenance (F.T.C.).—The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which purchasers should resell them, led to the first inquiry, resulting in a report, Resale Price Maintenance (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., 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 non-price-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 more than \$1,000,000 capital and assets and having their securities listed on the New York stock or curb exchanges. The Report of the F.T.C. on Compensation of Officers and Directors of Certain Corporations (15 p., processed, 2/26/34, o. p.) explained the results of the inquiry.¹⁶ The facts developed focused the attention of Congress on the necessity of requiring listed corporations to report their salaries.

Southern Livestock Prices.—See Food.

Steel Code and Steel Code as Amended (Senate and President).—The Commission investigated (S. Res. 166 73d, 2/2/34) price fixing, price increases, and other matters (Practices of the Steel Industry Under the Code, S. Doc. 159, 73d, 79 p., o. p., 3/19/34) and the Commission and N.R.A. studied the effect of the multiple basing-point system under the amended code (Report of the F.T.C. to the President in Response to Executive Order of May 30, 1934, With Respect to the Basing-point System in the Steel Industry, 125 p., o. p., 11/30/34)¹⁷ The Commission recommended important code revisions.

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

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

Steel Sheet Piling—Collusive Bidding (President).—Steel sheet piling prices on certain Government contracts in New York, North Carolina, and Florida were investigated (inquiry referred to F.T.C. 11/20/35). The F.T.C. Report to the President on Steel Sheet Piling (42 p., processed, 6/10/36 o. p.) demonstrated the existence of collusive bidding because of a continued adherence to the basing-point system¹⁸ and provisions of the steel industry's code.

Stock Dividends (Senate).—The Senate requested (S. Res. 304, 69th, 12/22/26) the names and capitalizations of corporations which had issued stock dividends, and the amounts thereof, since the Supreme Court decision (3/8/20) holding that such dividends were not taxable.¹⁹

prior to the decision was also requested. The Commission submitted a list of 10,245 corporations, pointing out that declaration of stock dividends at the rate 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

on New York futures contracts (11/16/28 and 2/26/30) in accordance with the Commission's recommendations.

Textiles—Woolen Rag Trade (F.T.C.), Wartime, 1917-18.—The Report on the Woolen Rag Trade (90 p., o. p., 6/30/19) contains information gathered during the World War, 1917-18, at the request of the War Industries Board, for its use in regulating the prices of woolen rags employed in the manufacture of clothing.

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.C. on the Tobacco Industry, 162 p., o. p., 12/11/20, and Prices of Tobacco Products, S. Doc. 121, 67th, 109 p., o. p., 1/17/22).

Trade and Tariffs in South America (President).—Growing out of the First Pan-American Financial Conference held in Washington, May 24-29, 1915, this inquiry (referred to F.T.C. 7/22/15) was for the purpose of furnishing necessary information to the American branch of the International High Commission appointed as a result of the conference. Customs administration and tariff policy were among subjects discussed in the Report on Trade and Tariffs in Brazil, Uruguay, Argentina, China, Bolivia, and Peru (246 p., o. p., 6/30/16).

Twine.—See Sisal Hemp and Textiles.

Utilities.—See Power.

Wartime Cost Finding (President), 1917-18.—President Wilson directed the Commission (7/25/17) to find the costs of production of numerous raw materials and manufactured products. The inquiry resulted in approximateChina, 1917-18 (F.T.C. (WCopp Tj 6/6 (Twine.—See Si9); R0 TD0

Wartime Costs and Profits (F.T.C.).—Cost and profit information for 4,107 identical companies for the period 1941-45 is contained in a Commission report on Wartime Costs and Profits for Manufacturing Corporations, 1941 to 1945 (30 p., processed, with 106 p. appendix). Compilation of the information contained in the report was begun by the Office of Price Administration prior to the transfer of the financial reporting function of that agency to the Federal Trade Commission in December 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, Flax, 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.A. 1942) 16, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

copper, copper alloys, copper scrap, and copper base alloy ingot makers and was conducted for the purpose of determining the extent to which they were complying with governing W.P.B. Preference and Conservation Orders M-9-a and b, and M-9-c.

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

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

Costume Jewelry, Manufacturers of (W.P.B.), Wartime, 1943-44.—Because it appeared that vast quantities of critical metals were being diverted illegally from war use to the manufacture of costume jewelry and similar items, the War Production Board requested the Commission to investigate 45 manufacturers to ascertain the facts concerning their compliance with W.P.B. Orders M-9-a, M-9-b, M-9-c, M-9-c-2, M-43, M-38, M-11, M-11-b, M-126, L-81, L-131, and L-131-a, all as amended.

Electric Lamp Manufacturers (W.P.B.), Wartime, 1942-43.—At the direction of the War Production Board, an investigation was made of the activities of manufacturers of portable electric lamps whose operations were subject to the restrictions imposed by W.P.B. Limitation and Conservation Orders L-33 and M-9-c.

Fertilizer and Related Products (O.P.A.), Wartime, 1942-43.—At the request of O.P.A. (June 1942), the Commission investigated costs, prices, and profits in the fertilizer and related products industries. The inquiry developed information with reference to the operations of 12 phosphate rock mines of 11 companies, and 40 plants of 24 companies producing sulphuric acid, superphosphate, and mixed fertilizer. One of the principal requirements of the inquiry was to obtain information concerning costs, prices, and profits for 103 separate formulas of popular-selling fertilizers during 1941 and 1942.

Food—Biscuits and Crackers (O.P.A.), Wartime, 1942-43.—As requested by the Office of Price Administration, the Commission investigated costs and profits in the biscuit and cracker manufacturing industry and submitted its report to that agency 3/25/43. The survey of 43 plants operated by 25 companies showed, among other things, that costs were lower and profits higher for the larger companies than for the smaller ones.

Food—Bread Baking (O.E.S.), Wartime, 1942-43.—This investigation was requested (10/23/42) by the Director of the Office of Economic Stabilization and was conducted to determine what economies could be made in the bread-baking industry so as to remove the need for a subsidy for wheat, to prevent an increase in bread prices, or to lower the price of bread to consumers. Essential information on more than 600 representative bakeries' practices, costs, prices, and profits was developed and reported to O.E.S.P.

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

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

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

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

Nickel Processors (W.P.B.), Wartime, 1942-43.—The Commission was designated by the War Production Board to investigate the transactions of some 600

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

Silverware Manufacturers (W.P.B.), Wartime, 1942-43.—Silverware manufacturers

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