

REMARKS OF HONORABLE ROBERT E. FREER,
CHAIRMAN OF THE FEDERAL TRADE COMMISSION,
OPENING THE TRADE PRACTICE CONFERENCE

FOR THE
UMBRELLA MANUFACTURING INDUSTRY,
HOTEL NEW YORKER, NEW YORK, N. Y.,

MAY 12, 1939.

9:30 A. M. (DAYLIGHT SAVING TIME)

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It is a pleasure for me to be with you today on the occasion of this trade practice conference for the umbrella manufacturing industry. The Federal Trade Commission is prepared to assist you and industry in general to maintain business on a basis of fair competitive effort, to protect the rights of legitimate business to expand, and at the same time to safeguard the interests of the purchasing public upon whose good-will all industry must depend for prosperity and progress.

It is probable that most of you are attending a trade practice conference for the first time. It may be well at this time, therefore, to explain briefly the procedure and the objectives of a trade practice conference.

Many years ago the Commission recognized the desirability of inaugurating a means whereby the forces working for good in an industry might be more effectively organized and directed. The trade practice conference procedure provides for the establishment of rules of fair competition for the protection of both industry members and the consuming public. This is accomplished by means of the voluntary cooperation of industry members and other interested parties under the supervision of the Commission.

By means of these conferences, unfair practices are to be eliminated without the necessity of resorting to the more or less disagreeable formal legal proceedings which the law empowers and directs the Commission to use in preventing such practices. This procedure is based upon the theory that the chief concern of the Commission, under its authority from Congress, is the protection of fair competition in the public interest, and that an ounce of prevention is worth more than a pound of cure. An important advantage in this is that it brings relief from the harmful effects of unfair competitive practices without incurring the delay and expense incident to formal trial of cases against individual industry members.

At this conference all members of the industry, as well as any other parties in interest, will be allowed an opportunity to present suggested rules for consideration by the Commission, or to express their approval of or objection to any suggested rule.

Fair trade practice rules are classified in two groups. Rules in Group I forbid, as unfair or unlawful, those practices which are violative of the laws administered by the Federal Trade Commission, under the decisions of the

Commissions and the courts. When it is considered in the public interest, proceedings may be instituted by the Commission against those who use such unlawful practices in interstate commerce.

Practices which are the subject of Group II rules are not usually in and of themselves violations of law. They condemn, in general, practices which the industry considers harmful or unethical. Or Group II rules may encourage practices which are considered beneficial, although not required by law. Such rules are received by the Commission as the expression of the industry. Since Group II rules do not prohibit practices generally held to be violative of law, the failure to observe them may not result in action by the Commission. However, failure to observe such rules under certain conditions may constitute an unfair practice contrary to law, and when such is the case proceedings similar to those applicable to the enforcement of the requirements of the law as paraphrased and simplified in the Group I rules, are in order.

The antitrust laws prohibit concerted action by any group which has the purpose or effect of fixing prices or of substantially lessening competition or tending toward a monopoly. The Federal Trade Commission has no power to grant to any industry or to any individual immunity from the application of these laws, nor, if you will pardon me, will the Commission permit trade practice rules to "hold an umbrella" over monopolistic practices in any industry. On the contrary, one of the duties of the Commission is to take appropriate proceedings against the members of any industry when trade practice conference rules are so misused as to implement practices contrary to the laws protecting competition.

The rules adopted at this conference are not effective or binding until they are finally approved by the Commission. Prior to final approval by the Commission, an opportunity will again be given, after fifteen-days public notice, for any interested parties to make suggestions or objections. After the promulgation of the approved rules, the Commission retains a cooperative interest in their observance. Prompt cognizance will be taken of complaints of unfair practices which are violative of law, whether or not covered by the rules, as Commission proceedings are not grounded in violations of the rules but of the law itself upon which fair trade practice rules are based. Upon complaint, and after careful investigation, appropriate steps will be taken to stop unfair practices by members of the industry, whether such members participate in the conference or accept the rules which the Commission may finally approve.

I hope that at this conference you may formulate a group of rules which will enable your industry to operate on a high plane of ethical conduct and that as a result, both your industry and the public may be benefited by this meeting.
