

ADVANCE--FOR RELEASE AT TIME OF DELIVERY, JANUARY 14, 1937.

ADDRESS BY  
HON. EWIN L. DAVIS, MEMBER OF FEDERAL TRADE COMMISSION,  
BEFORE THE  
NATIONAL LEAGUE OF WHOLESALE FRESH FRUIT AND VEGETABLE DISTRIBUTORS,  
JANUARY 14, 1937, IN ATLANTA, GEORGIA.

### THE FEDERAL TRADE COMMISSION

It is a pleasure to meet with your important organization in your Annual Meeting, and to talk to you about the work of the Federal Trade Commission. The exacting requirements of our official duties have made it necessary to decline numerous invitations to address important bodies in various cities and sections. However, because of the appeal of your genial and efficient Secretary, Mr. Horace H. Herr, and my high regard for him, I am here. Mr. Herr is held in high esteem in Washington.

Perhaps I should admit that perhaps I was also somewhat influenced by the further fact that I came to Georgia for my wife.

The Federal Trade Commission is an independent, bi-partisan, administrative and quasi-judicial tribunal, created by Act of Congress in 1914, upon the recommendation of President Woodrow Wilson. The Commission is composed of five members appointed by the President, by and with the aid and consent of the Senate, for terms of seven years. To aid the Commission in its labors, it has a staff of trained, efficient lawyers, economists, accountants, statisticians and clerical personnel.

### FUNCTIONS OF THE COMMISSION

While the Commission has certain other powers and duties, its chief functions are:

- (1) To prevent unfair methods of competition in commerce;
- (2) To make investigations upon the direction of the President, the Congress, upon the request of the Attorney General, or upon its own initiative.
- (3) To enforce certain sections of the Clayton Antitrust Act, including an amendment to Section 2 of that Act recently enacted and generally referred to as the Robinson-Patman Act.

The processes of the Commission are injunctive or preventive, not punitive. The success of this procedure has been indicated by the fact that during the nearly twenty-two years since the Commission has established, it has seldom had to appeal to the courts to discipline respondents for disregarding its cease and desist orders.

## UNFAIR METHODS OF COMPETITION

The Federal Trade Commission Act declares "unfair methods of competition in commerce" to be unlawful and directs the Commission to prevent same whenever "it shall appear to the Commission that proceedings by it in respect thereof will be to the interest of the public". The purpose of preventing unfair methods of competition is two-fold, namely, the protection of members of industry from the harmful effects of unfair practices by competitors, and the protection of the public interest.

Congress very wisely did not undertake to enumerate the various unfair methods against which the Act was directed; unfair competition is as infinite as human ingenuity, and constantly appears in new forms and guises. The Supreme Court interpreting the Act declared:

"In the nature of things it is impossible to describe and define in advance just what constituted unfair competition, and in the final analysis, it became a question of law after the facts were ascertained."

Unfair methods of competition generally fall within two broad classes:

First, those which involve an element of fraud and dishonesty, and,

Secondly, those not inherently dishonest, but which are restrictive of fair competition.

In defining the words "unfair methods of competition" as used in the Federal Trade Commission Act, the Supreme Court in the Gratz case (253 U.S. 421) referred to them as practices "opposed to good morals because characterized by deception, bad faith, fraud or oppression, or as against public policy because of their dangerous tendency unduly to hinder competition or create monopoly".

The Federal Trade Commission handles thousands of cases annually involving a charge of misrepresentation, deception or fraud in the sale of products and various other unfair practices covering almost every conceivable character of commodities.

## RELATION TO AGRICULTURE

While you are engaged in commerce, yet you deal in agricultural products. You are dependent upon and consequently concerned with the problems and the welfare of those engaged in agricultural pursuits -- especially those engaged in fruit and vegetable growing.

Those engaged in agriculture and their dependents constitute the largest single class of consumers of these commodities. Consequently, farmers are generally protected by the prevention of such unfair trade practices. It is a matter of concern to them as to whether truthful representations are made and honest methods employed in the sale of the innumerable articles which the farmers and their families must buy.

Furthermore, the Commission has taken corrective action in numerous cases against unfair practices employed with respect to commodities principally sold to farmers. These cases involve misrepresentations of various field seeds, poultry medicine, feed and text books, baby chicks, dairy and stock feeds, nursery stock, cream separators, incubators, and numerous farm implements and tools, fertilizer, salt and other articles too numerous to mention.

The Commission has many times taken corrective action against manufacturers for false representations and deception in the sale of substitutes for and imitations of genuine farm products.

The Commission also has issued cease and desist orders against certain manufacturers who sought to capitalize public good will to farmers by falsely leading consumers to believe that they were trading with farmers' organizations when such was not a fact.

The Commission has also put an end to oppressive and illegal tactics which limited competition in the purchase of farm products. It has likewise stopped conspiracies in price fixing which unduly raised the prices of products purchased principally by farmers.

#### COMMISSION PROCEDURE

The procedure of the Commission in all such cases is simple and effective. A case may originate in several ways, although most generally it is through complaint of an unfair practice made by a competitor or consumer. This requires no formality. The complaint may be made by letter setting forth the facts. The identity of the complainant is kept confidential.

Whenever a matter is brought to the attention of the Commission indicating a probable law violation, the Commission directs an investigation by its own staff. If from the facts developed by such investigation it has reason to believe that the law is being violated, the Commission orders the preparation and service of a complaint. Such service is ordinarily made by sending a copy of the complaint by registered mail to the alleged offender, who is called the respondent, and who is granted twenty days within which to make answer, after which hearings are conducted, evidence taken, briefs filed and the case argued, if either side makes request to be heard before the Commission in oral argument. The Commission then takes the case under advisement and renders its decision. If the Commission finds that the evidence sustains the allegations in the complaint, it issues an order requiring the respondent to cease and desist from the unlawful practices in question.

If the respondent feels that the Commission's order is not justified, he has the right of appeal to the Circuit Court of Appeals of his own jurisdiction. The findings of fact by the Commission, if supported by evidence, are final, but the Court passes upon the validity of the legal conclusions applicable thereto. If the Court affirms the Commission, it directs the respondent to obey the Commission's order. Should he then fail to do so, the Court may proceed as in any other contempt of Court.

The statute provides that Federal Trade Commission cases "in the Circuit Court of Appeals shall be given precedence over other cases pending therein, and shall be in every way expedited".

There is, too, the right of petition for certiorari by either the Commission or the respondent to the United States Supreme Court, and during its history, a considerable number of the Commission's cases have been carried to that tribunal.

A reversal of the Commission's orders by the Courts is a rare occurrence. The Commission has been reversed by the United States Supreme Court but once in the last seven years, and that was by a five to four decision in a Section 7 Clayton Act case; during the last eighteen months the Commission's orders have been affirmed by various Circuit Courts of Appeals in thirty-odd cases and reversed in none.

#### STIPULATIONS

I have described the Commission's formal case procedure. We have an informal procedure by which the Commission has been able to expedite its work and save much time and expense both to the Commission and to persons charged with violations of Section 5 of the Federal Trade Commission Act. This is known as our stipulation procedure. A large percentage of our cases are satisfactorily adjusted in this manner. It often happens that a member of industry commits an offense against the Federal Trade Commission Act through ignorance of the law, or that such practices have been indulged in by advertising agents or employes of the manufacturer or merchant without the knowledge of the executive. When such complaints are brought to his attention, it frequently happens that the violator expresses a desire to refrain from any violation, advises that he does not wish to resist the proceeding, but wishes to adjust the matter in the simplest manner possible. Ordinarily he is given the opportunity to sign a written stipulation of the facts and an agreement to cease and desist from the practices involved. If the respondent observes his agreement, no further procedure is had. Violations of these stipulations are extremely rare.

As indicated, the stipulation procedure is a privilege and not a right. Whether an offender is permitted to sign a stipulation is a matter within the discretion of the Commission. Such privilege is not accorded where the Commission is convinced that the practices in question are fraudulent or of a serious nature.

#### ROBINSON-PATMAN ACT

There has been widespread interest in and much discussion of the Robinson-Patman Act recently enacted, which amended Section 2 of the Clayton Act. The Robinson-Patman Act seeks, generally, to place competing purchasers upon a parity by making unlawful unjust discriminations in purchase price, discounts, rebates, allowances, brokerage and service charges. It ~~also~~ prohibits "false" brokerage charges.

The Robinson-Patman Act may be summarized, largely in the language of the Act, as follows:

(a) Prohibited Discriminatory Differentials, Rebates, Refunds, Discounts, Credits and Other Allowances. It is an unfair trade practice for any member of the industry engaged in commerce 1/, in the course of such commerce, to grant or allow, secretly or openly, directly or indirectly, any price differentials, rebates, refunds, discounts, credits, free samples, or other allowances which effectuate a discrimination in price between different purchasers of goods of like grade and quality where either or any of the purchases involved therein are in commerce 1/ and where the effect thereof may be substantially to lessen competition or tend to create a monopoly in any line of commerce 1/ or to injure, destroy or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination or with customers of either of them: Provided, however -

(1) That the goods involved in any such transaction are sold for use, consumption or resale within any place under the jurisdiction of the United States;

(2) That nothing herein contained shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered;

(3) That nothing herein contained shall prevent persons engaged in selling goods, wares or merchandise in commerce 1/ from selecting their own customers in bona fide transactions and not in restraint of trade;

(4) That nothing herein contained shall prevent price changes from time to time where made in response to changing conditions affecting either (a) the market for the goods concerned, or (b) the marketability of the goods, such as, but not limited to, actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

(b) Prohibited Brokerages and Commissions. It is an unfair trade practice for any member of the industry engaged in commerce 1/, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

(c) Prohibited Advertising or Promotional Allowances, Etc. It is an unfair trade practice for any member of the industry engaged in commerce 1/, to pay or contract for the payment of advertising or promotion allowances or any other thing of value to or for the benefit of a customer of such member in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such member, unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

(d) Prohibited Discriminatory Services or Facilities. It is an unfair trade practice for any member of the industry engaged in commerce 1/ to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or by furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale or offering for sale of such commodity so purchased upon terms not accorded to all purchasers on proportionally equal terms.

(e) Illegal Price Discrimination. It is an unfair trade practice for any member of the industry or other person engaged in commerce 1/, in the course of such commerce to discriminate in price in any other respect contrary to Section 2 of the Clayton Act as amended by the Act of Congress, approved June 19, 1936 (Public No. 692, 74th Congress), or knowingly to induce or receive a discrimination in price which is prohibited by such section as amended.

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1/ As herein used, the word "commerce" means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States; Provided, That this shall not apply to the Phillipine Islands.

ANTITRUST LAWS NOT APPLICABLE  
TO AGRICULTURAL ORGANIZATIONS

You will doubtless be interested to know that Section 6 of the Clayton Act provides as follows:

"The labor of a human being is not a commodity or article of commerce. Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws. (Oct. 15, 1914, c.323, 6; 38 Stat. 731: 15 USCA, Sec. 17)"

TRADE PRACTICE CONFERENCES

After several years experience under its organic Act, the Commission developed still a third method of eliminating unfair trade practices. I refer to the Commission's trade practice conference procedure. The purpose of the trade practice conference procedure is to afford industries a means whereby they may more effectively cooperate under Government supervision in the elimination of practices which are unfair and harmful. It mobilizes and implements the forces for good to elevate the standards of fair dealing with the consuming and purchasing public.

Under this procedure, if a representative and substantial number of the members of an industry propose a trade practice conference and the proposal appears feasible to the Commission, a conference is arranged for the consideration of the problems of the industry. With the aid and counsel of members of the Commission's staff, trade practice conference rules covering the problems are formulated, considered, and such as may be adopted are submitted to the Commission for its consideration. The Commission frequently suggests revisions in the proposed rules, in which event the revised rules are referred back to the industry for further consideration. The rules are entirely voluntary, so that no member of industry is under any compulsion to agree thereto. If the Commission finds that the rules as finally proposed are in conformity with the law, it gives its approval. Upon such approval, the rules are submitted by the Commission to each member of the industry who is afforded an opportunity to signify his agreement to abide by the rules in the conduct of his business. It is also customary for the industry to appoint a trade practice committee to cooperate with the Commission in effectuating a proper compliance with the rules.

In passing upon trade practice rules which an industry submits, the Commission applies the test of law. To receive approval, the rules must be such as will not permit a practice contrary to the law or public interest. For example, approval of the Commission would not be given to a rule which establishes a monopolistic practice or which tends to fix prices or otherwise

illegally restrain trade or bring about the suppression of fair competitive opportunity for all. The public interest requires that no rule be approved by the Commission which would work undue hardship on the public or any member of the industry.

Trade practice conference rules approved by the Commission fall into two groups. In Group I are placed such provisions as proscribe practices which are illegal as constituting unfair methods of competition or other violations of law over which the Commission has corrective jurisdiction. In Group II are placed such rules as the industry deems desirable to foster and promote in the interest of fair and equitable conduct, but which do not involve practices necessarily illegal.

The Commission has sponsored upward of two hundred trade practice conference agreements, and now has under consideration a substantial number and inquiries with regard to many more. Many of these conference agreements have been adopted by large industries, with investments running into hundreds of millions of dollars, and employing large numbers of workers. By this conference method, the unfair and dishonest practices, which are frequently the result of economic and competitive forces rather than deliberate design, are often corrected by wholesale, where otherwise it might be necessary to take action against each individual offender, with the effort, time and expense incident thereto.

Generally speaking an overwhelming majority of the members of an industry are honest and are desirous of employing only fair and honorable methods. These conference agreements usually lead to prompt abandonment of unfair practices by the entire industry.

#### PRESERVE MANUFACTURING INDUSTRY

The trade practice conference rules established for this industry afford a concrete illustration of such activities in the interest of agriculture. Members of this industry constitute the manufacturers of fruit preserves, jams, jellies and apple butter. They produce annually in excess of \$30,000,000 of such products. They purchase fruit from the farmers direct or from cooperative marketing organizations and other marketers of fruit. Agriculture's market for fruit is found largely in this industry. In the great fruit-producing districts of the Northwest and some parts of the South, the preserve industry constitutes almost the whole outlet of the berry-producing farmers.

The principal problem involved was the sale of so-called preserves, jams and jellies in which a large part of the fruit had been displaced by synthetic products such as pectinous jelly, commonly thought of as solidified sugar and water. The practice of displacing fruit with synthetic materials had become so prevalent as to threaten the existence of the honest manufacturer who desired to market pure preserves. The effect of lessening the market for pure preserves had serious repercussions in lessening the demand for the farmer's fruit. By reason of this lessened demand, acres upon acres of fine berries have been allowed at times to rot in the fields, the price being so low as not even to warrant incurring the cost of picking, to say nothing of the expense of growing the fruit.



Substitution of the synthetic products for fruit renders the product less palatable and satisfying to the taste, and when this inferior product is passed off as pure, it tends to build up a consumer dissatisfaction and reluctance to purchase any preserves, thus further lessening the market for the full-fruited product.

The Commission, through its trade practice conference procedure, took up the problem and has promulgated rules prohibiting the sale of products as genuine preserves, jams and jellies and apple butter when the full amount of fruit has not been used in its manufacture, and requiring that the synthetic product shall not be allowed to masquerade as genuine or pure, but must be labeled or described as an imitation which in fact it is.

In the course of the hearings on these trade practice rules, farm organizations and other organizations of producers and packers of fruit appeared in support of the Commission's undertaking and supplied valuable evidence which was of great help in this constructive work of such vital importance to agriculture, as well as to consumers.

The trade practice rules for the preserve industry provide against all forms of misrepresentations, misbranding and adulteration of fruit preserves, jams, jellies and apple butter.

#### GENERAL INVESTIGATIONS

Perhaps the work of the Federal Trade Commission most widely publicized and that to which the mind of the average citizen turns in connection with mention of the Commission is the function performed under Section 6 of the Commission's organic law which authorizes the Commission to make investigations upon the direction of the President or the Congress, or upon request of the Attorney General or upon the initiative of the Commission.

Approximately 100 investigations have been made under that authority, the greater portion of them pursuant to Congressional resolutions.

Among such general investigations may be mentioned those in relation to Accounting Systems, Agricultural Income, Bakeries, Bread and Flour, Calcium Arsenate, Cement Industry, Chain Stores, Coal -- Anthracite and Bituminous, Commercial Bribery, Cooperation in Foreign Countries, Cooperative Marketing, Copper, Cost of Living, Cotton Merchandising, Cottonseed Industry, Cotton Trade, Electric and Gas Utilities, Electric Power, Farm Implements and Machinery, Feeds, Fertilizer, Flour Milling, Food Investigation, Flour Milling and Jobbing, Food Canning, Grain Elevators, Grain Trade, Meat Packing, Wholesale Marketing, Antidumping Legislation, Cooperation in American Export Trade, Cotton Growing Corporation, Foreign Combinations of American Firms and Dumping, Gasoline, Grain Exporters, Wheat Prices, Guarantee Against Price Decline, House Furnishings, Leather and Shoes, Lumber Costs, Lumber Trade Associations, Meat-Packing Profit Limitations, Canned Milk, Milk Investigation, National Wealth and Income, Open Price Associations, Packer Consent Decree, Paper-Book, Paper-Newsprint, Peanut Prices, Petroleum Industry, Petroleum-Pipe Lines, Price Bases, Price Deflation, Profiteering, Radio, Raisin Combination, Resale Price Maintenance, Salaries Inquiry, Sisal Hemp, Southern Livestock Prices, Steel Code Inquiry, Steel Industry-Costs and Profits, Stock Dividends,

Sugar, Sugar-Beet, Taxation and Tax Exempt Income, Textiles-Combined Cotton Yarns, Textile Industry, Tobacco, Tobacco Marketing-Leaf, Trade and Tariffs in South America, and Utility Corporations.

The Commission's reports on most of these investigations were printed as government documents.

The mere publicity of the facts developed in these inquiries generally proved beneficial, and often resulted in reforms forced by public sentiment or voluntarily adopted by those who were shown to have been engaged in unlawful or unfair practices. Some of these investigations also resulted in prosecutions by the Department of Justice and a number of them resulted in the issuance of complaints by the Federal Trade Commission.

Investigations by the Commission have several times resulted in the enactment of important Congressional measures, including the Packers and Stockyards Act, the Securities Act of 1933, the Holding Company Act and various others. Facts developed by these investigations have been used by members of Congress in the consideration of various problems and measures too numerous to mention.

But for lack of time I would be glad to give a more detailed explanation of many of these investigations and show the very vital manner in which they related to and were beneficial to agriculture. Most of these reports were printed as public documents and are available to those interested, unless they have been exhausted, which is true with respect to some of the earlier reports in particular.

#### AGRICULTURAL IMPLEMENTS AND MACHINERY

The recent Congress enacted a joint resolution, approved by the President June 24, 1936, directing the Federal Trade Commission "to investigate corporations engaged in the manufacture, sale or distribution of agricultural implements and machinery." This is a matter of concern to the Fruit and Vegetable Industry.

#### GENERAL AGRICULTURAL INVESTIGATION

The recent Congress also passed a joint resolution, No. 61, which was approved by President Roosevelt August 27, 1935, "authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally." As disclosed by both the preamble and body of the resolution, it was predicated upon the premise that farmers are not receiving their just share of the price paid by the consuming public for farm products. Although handicapped by delayed and inadequate appropriations for such an important investigation, the Commission proceeded to make an investigation of seven principal farm products, to-wit, cotton, wheat, cattle, hogs, dairy products, tobacco and potatoes. The Commission will soon file its report thereon.

## FRESH FRUIT AND VEGETABLE INQUIRY

Obviously there were thus excluded from the inquiry many important farm crops among which were fruits and vegetables, no one of which by itself yielded to the farmer a relatively large amount with the exception of potatoes, which over the last ten years have averaged a farm value of approximately \$279,000,000 annually, and as to which an investigation was made and report will shortly be filed under Resolution No. 61. Many of the fruits and vegetables, however, are neither produced nor distributed separately. Especially is it true that in their distribution the wholesale receiver, jobber and retailer commonly handle many, if not all, of the important items of both fruits and vegetables. Because of this fact there is special significance in the figure showing the combined income accruing to farmers from all fruits and vegetables. In 1935, according to the figures of the Department of Agriculture, the gross income for the farmer from all fruits amounted to \$467,000,000 and from all vegetables, \$543,000,000, a total of over a billion dollars for both fruits and vegetables. This combined income is exceeded by that from no other crop except that from dairy products. This means that the gross income for farmers from fruits and vegetables ranked above that for each of the following principal crops having in 1934 and again in 1935 a gross income to the farmer of more than \$200,000,000: cattle and calves, hogs, dairy products, cotton, wheat, tobacco, and potatoes.

The importance of the fruit and vegetable crop to the farmer and the magnitude of the industry that distributes it in its fresh state and processes it and distributes it in its processed state and the fact that complaints had been made of conditions prevailing in the industry led the Congress in June, 1936, to amend Public Resolution No. 61 by adopting Public Resolution No. 112, which directed the Commission to make an inquiry into the fruit and vegetable industry along the same lines as were followed in the earlier inquiry. This inquiry is now under way.

The amended resolution directs the Commission to ascertain the changes in recent years in the farmer's income from fruits and vegetables and to compare these changes with changes in the income of the principal companies handling and preparing these products for the market. It also directs the Commission to determine what proportion of the consumer's dollar spent for these products goes to the grower and what to the distributor. As illustrative of what the Resolution here calls for, the Department of Agriculture in 1935 found that for 10 food products combined, not including any fruits or vegetables except potatoes, the farmer was receiving during the years 1925-1929 an average of a little over 50 cents out of each dollar spent therefor, but that in the year 1932 this share had fallen to about 32 cents. By 1933 it had risen to almost 38 cents and by 1934 to almost 43 cents. The Department found also that identical quantities of these 10 foods combined, selling at retail for a dollar in April, 1929, sold for about 60 cents in April, 1933, of which the farmer received only about 20 cents while processors and distributors received about 40 cents. The farmer's gross income from these products had declined 60 percent, while the gross margin of processors and distributors, representing their processing and distributing costs and profits, had declined only 20 percent.

As regards fruits and vegetables, whatever the Commission's inquiry finally discloses as to the respective shares of the consumer's dollar, it is clearly the intent of the Congressional resolution that inquiry be made as to whether the costs of transporting, processing and distributing these products can be reduced so that either consumers can buy at lower prices and therefore buy more or growers receive higher prices and therefore a larger proportion of the consumer's dollar. In this connection there may also be involved the question whether there is unnecessary spoilage or other wastes in distribution, whether in some instances there are too many handlings, whether transportation costs for these products are in line with like costs for other products, and whether any processors or distributors are receiving a return not warranted by the service rendered or in keeping with fair competition.

In reference to the latter matter the Resolution of Congress requires the Commission to determine the extent to which fraudulent, dishonest, unfair, intimidating and injurious methods are employed in the grading, warehousing and transportation of these farm products and the extent of combinations, monopolies, price fixing and manipulation of prices on the commodity exchanges and by racketeering and auction markets.

Other important matters are covered by the Resolution, one of which is the study of fruit and vegetable producers' cooperative associations, which for some products have in recent years steadily increased in importance.

The magnitude of the fruit and vegetable inquiry together with the limitations in time and money imposed by the Resolution obviously will make it impossible to give complete or final answer to every question growing out of the investigation. The Commission does hope, however, to make a worth while contribution to the solution of problems which have long disturbed both growers and distributors of fruits and vegetables.

I was impressed by the preamble to and the statement of purposes in your Constitution and By-Laws. I wish to quote some extracts from the preamble as follows:

"Those engaged in handling products from producer to consumer, face a two-fold responsibility. They are obligated to guard and serve the producers' best interests at all times. They are obligated to have constant and conscientious regard for the necessity and convenience of consumers, the final link in distribution and the determining factor in the prosperity of the fresh fruit and vegetable industry.

"The economic justification for those engaged in distribution always must be essential service, efficiently performed.

"In this distinctive industry, financial responsibility, untiring and intelligent application and unquestionable personal integrity are imperative.

"Only in such a system are justice and equity assured for the three basic groups - producers, distributors and consumers."

The Federal Trade Commission invites your cooperation.