

## Topic Page: [Federal Trade Commission](#)

Summary Article: **Federal Trade Commission**

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(FTC), independent agency of the U.S. government established in 1915 and charged with keeping American business competition free and fair. The FTC has no jurisdiction over banks and common carriers, which are under the supervision of other governmental agencies. It has five members, not more than three of whom may be members of the same political party, appointed by the President, with the consent of the Senate, for seven-year terms. The act was part of the program of President Wilson to check the growth of monopoly and preserve competition as an effective regulator of business.

### **Duties of the FTC**

The duties of the FTC are, in general, to promote fair competition through the enforcement of certain antitrust laws; to prevent the dissemination of false and deceptive advertising of goods, drugs, curative devices, and cosmetics; and to investigate the workings of business and keep Congress and the public informed of the efficiency of such antitrust legislation as exists, as well as of practices and situations that may call for further legislation.

### **Enforcement**

The commission's law-enforcement activities have to do with the prevention of unfair methods of competition and false advertising (in accordance with the Federal Trade Commission Act of 1914 and the Wheeler-Lea Act of 1938); with administration of provisions restricting tying and exclusive dealing contracts, acquisition of capital stock, interlocking directorates, and price discriminations (in accordance with the Clayton Antitrust Act of 1914 and the Robinson-Patman Act of 1936); and with administration of the Webb-Pomerene Act of 1918, which permits associations to engage in export trade without incurring the penalties of the Sherman Antitrust Act. In 1946 the FTC was given the right to cancel faulty trademarks. The FTC also enforces the provisions of the Truth in Lending Act of 1968 over creditors (e.g., finance companies, retailers, and nonfederal credit unions) not specifically regulated by another government agency. The act was designed to ensure that a potential borrower can obtain meaningful information about the actual cost of consumer credit.

To enforce antitrust legislation, the commission is empowered to issue cease-and-desist orders upon ascertaining to its satisfaction that the laws are being violated. These orders, to be effective, usually must have court sanction, and the commission must, therefore, in various instances prove its case in court. In deciding such cases the courts have interpreted and applied the phrase "unfair methods of competition." Many of the judicial decisions have frustrated the work of the commission in restricting the growth of monopoly and also, to some degree, the intent of the antitrust laws. Yet the commission has done much toward ridding the business world of vicious competitive practices.

The commission may undertake special investigations at the order of Congress, the President, or upon its own initiative. In its investigatory work, the commission was delegated the power to require information from any corporation in interstate commerce. Many companies, however, gave only partial access to their records, and others gave none. A decision by the Supreme Court declared that access to records of private business, except where substantial proof is submitted as to a specific breach of the law, is a violation of the Fourth Amendment. Despite the fact that the commission's investigatory

power was thus greatly limited, it has made and published a notable series of investigations. After the checks rendered by the courts, the commission tended more and more to carry out its recommendations through trade-practice conferences, at which representatives of an industry might voluntarily adopt regulations to control competition in that industry.

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## Chicago

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## Harvard

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## MLA

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