

# STEEL MEN BLAMED FOR BUYERS' STRIKE: Federal Trade Board Holds ...

Special to The New York Times.

*New York Times* (1857-1922); Dec 4, 1921;

ProQuest Historical Newspapers: The New York Times (1851-2009)

pg. 21

## STEEL MEN BLAMED FOR BUYERS' STRIKE

Federal Trade Board Holds Corporations' Heads Responsible for Depression.

### ANSWERS INJUNCTION PLEA

Commission Tells Court Companies Should Be Compelled to Give the Information It Demands.

*Special to The New York Times.*

WASHINGTON, Dec. 3.—Placing almost the entire blame for what is gen-

erally interpreted as a "buyers' strike," and the business depression resulting therefrom, upon the heads of the steel and pig iron concerns in the East, the Federal Trade Commission today filed its amended answer to the petition of twenty-two steel corporations for a permanent injunction to prevent their having to answer questionnaires pertaining to the steel industry at the demand of the commission.

The amended answer contains here and there vague hints of an offer to compromise on the question of the right of the commission to examine the books and records of these corporations when the latter are brought into equity court on Dec. 8, the commission promising that it will not expose the trade secrets of these corporations if allowed to make the examination.

The answer also contains a threat that, once the restraining hands of the court are removed, the commission will immediately attempt to compel these corporations to comply with its demands to answer the questionnaires, this action being considered as its lawful function and privilege.

Another threat made, is that the com-

mission will ask Congress to enact drastic laws concerning the submission of regular reports from these corporations. If necessary, the answer declares, Congress will be asked to enact such legislation without having at its disposal the information which the commission is now seeking from the corporations in order to frame legislation.

With regard to the charge that the steel men are responsible for the business depression, the commission states that "price readjustments are at present very much out of line and harmony, and prices on steel and steel commodities have declined from the war prices much less than other commodities, notably agricultural commodities to the producer. These declined down to or below pre-war prices (for example, oats and corn selling in agricultural districts at 20 cents or less a bushel); that as a result of the general feeling that the price readjustment in the steel and iron industry are all out of line, the people generally have stopped buying or are buying only as little as possible, and that this has an effect, whether properly or improperly, upon the whole industrial trade structure, and that it is, therefore, of prime importance that the truth and facts relating thereto may be ascertained and made public."

Another reason given as sufficient ground for answers to the questionnaires

is "that the acquisition of the complete information and facts required and the dissemination of such complete trade information will tend to prevent undue fluctuation and panicky markets based on ignorance of the true facts or based on incomplete and partial or self-interested information, published only, whenever and in so far as it may serve those self-interested who may publish it; that unless such regulation through public dissemination of the full and complete facts is carried out, other more drastic forms of attempted regulation without proper information may follow."

The commission declares that the District of Columbia Supreme Court has, in the issuance of a temporary injunction, prevented it from exercising its lawful duties, inasmuch as Congress delegated to it the power to investigate the management, business conduct, organization and practices of the steel corporations and make reports to the national legislature.

"The Federal Trade Commission," the amended answer states, "required answers to these questionnaires for all the purposes and under all authority granted it by law, including the purpose of gathering and compiling said information for publication, and the consequent regulation of the interstate commerce of the steel corporations resulting from such publication of the true facts as to all the business of the corporations and of

others engaged in commerce on those commodities, and including the purpose of making reports to Congress and recommending additional legislation."

It is admitted by the commission that none of the steel corporations has been the subject of a complaint to the board, and it is set forth that only the needed information is sought. The commission takes issue with statements made by these corporations that scarcely any of their business is interstate, the assertion being that nearly all of it is intrastate. The commission declares that, as near as it is able to determine, at least 65 per cent. of the business done by these corporations is interstate or foreign.

It is further declared by the commission that when the corporations have answered the questionnaires it "will not disclose trade secrets, processes, names of customers or cost prices, but, rather, will publish the facts in manner as will conceal rather than disclose the secrets of the business."

The official publication of the steel industry. The Iron and Steel Institute, is quoted by the commission as making public some of the information it desires without harm resulting to the business. Again, the commission states, its investigation, when allowed by the courts, may or may not result in more legislation.

"The right of privacy," the amended

answer declares, "is subject to the right of Congress in promoting public welfare."

No "unwarranted search or seizure" is contemplated by the commission, it is set forth, in its attempts to get at the true facts and information.

Denial is made by the commission that the corporations will be put to unnecessary expense in answering the questionnaires. No out-of-the-ordinary system of bookkeeping is needed, the answer intimates, and the books of the corporations as they stand today, it is said, are in good enough shape to render the compiling of these reports a matter of usual daily routine by those who are expected to do the compiling.

The Court is reminded by the commission that it is within the power of Congress to obtain these reports in spite of judicial obstruction.

The books, records, &c., of these corporations, which include almost all the large Eastern concerns except the United States Steel Corporation, will be produced in court on Dec. 8, in response to subpoenas issued last Friday by Justice Bailey in Equity Court. The commission will now have to make another fight to obtain permission to examine them in order to cross-examine corporation witnesses who are expected to testify that the orders for answer to the questionnaires are an unwarranted and uncalled for abuse of the discretionary powers of the commission.