

The purpose of the Sherman Act, Clayton Act and The Federal Trade Commission Act

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Abstract

The purpose of the Clayton Act was to give more enforcement teeth to the Sherman Antitrust Act. Passed in 1914, the Clayton Act regulates general practices that may be detrimental to fair competition. ... The Clayton Act is being enforced by the Federal Trade Commission (FTC) and the Department of Justice (DOJ).

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The purpose of the Sherman Act, Clayton Act and The Federal Trade Commission Act

The article is about what is the Sherman Act of 1890, the Clayton Act of 1914 and The federal trade commission Act of 1914. Their individual effects directly on the businesses and how the businesses reacted to the Acts

### **The Sherman Act of 1890**

The Sherman Act of 1890 attempts to prevent the artificial raising of prices by restriction of trade or supply. It mainly prohibits anti-competitive agreements and unilateral conduct that monopolizes or attempts to monopolize the relevant market. The purpose of the Sherman Act was not to protect competitors from harm, from large businesses, nor to prevent businesses from gaining honest profits from customers, instead it was to preserve a competitive marketplace to protect consumers from abuses. Although being so effective, it failed to define such terms as "combination," "monopoly" and "trust." Also working against it were narrow judicial interpretations as to what constituted trade or commerce among states. In *United States v. E. C. Knight Company* (1895), the court held that the American Sugar Refining Company, one of the other defendants, had not violated the Act even though it controlled approximately 95% of all sugar industry in the U.S. The court's explained that the company's control of manufacturing did not constitute control of trade. Such other factors also proved inefficiency of this act.

### **The Clayton Act of 1914<sup>1</sup>**

The Clayton Act of 1914 prohibits anti-competitive mergers, discriminatory pricing, predatory, and other forms of unethical corporate behavior. This Act defines unethical business practices. The Act also protects individuals, allowing lawsuits against companies and upholding the rights of labor to organize and protest peacefully. The Clayton Act specifies that labor is not an economic commodity. This Act directly affects all those

businesses in the market who were practicing monopoly and other strictly restrictive services as their business method, as through this act government now was in more power to control all kinds of malpractices out in the market, which was likely to manipulate customers.

**The Federal Trade Commission Act of 1914.**

The Federal Trade Commission Act of 1914, the Commission is empowered, among other things, to prevent unfair methods of competition, and unfair or deceptive acts or practices in or affecting commerce, conducting investigations relating to the organization, business, practices, and management of entities engaged in commerce, seeking monetary redress and other reliefs which conduct injurious to consumers and establishing requirements designed to prevent such acts or practices. Commission was also authorized to issue "cease and desist" orders to large corporations to demolish trade practices.

References

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