

REVIEW OF THE DRUG MARKET.*

BY HARRY B. FRENCH.

The Armistice, in the latter part of 1918, brought the war to a sudden, unexpected and very favorable conclusion. The business community was for some time thereafter at sea as to the immediate and more remote effects of the cessation of hostilities. All except necessary buying temporarily ceased and, for a time, there was an important reaction in prices. As time passed on, the situation was complicated by the political and economical agitation pursued by the so-called labor classes in Europe, both of the Central Empires and in the Allied Nations. Over a large portion of the continent there was an indisposition to work caused by the reaction from the excitement of war, the idleness in which a large portion of the population had lived for a long time past, and in certain portions, because of the mal-nutrition of the people. These conditions gave rise to fantastic and Utopian claims that demoralized the efforts at reconstruction.

This condition was accentuated by a lack of supplies of raw material in large sections of the territory, which made the resumption of work impossible. The reflex influence of the war and of the theories propounded abroad have had their effect in this country, but we may confidently rely upon the sober second thought of the American people to insist upon a readjustment that will take into consideration the interests of all parties, especially of the public, in the readjustment of industrial conditions. After a few months had passed, it was found that the immediate necessities of foreign buyers were so great and the demands for shipments both of food and manufactured products were so large, that industry resumed not only its normal course but it is now operating at the highest tension. This condition will continue so long as this foreign demand continues and the buyers are able to pay for shipments.

In this respect, however, the condition is becoming critical. The English Pound recently sold in this country at \$4.12¹/₂ against a normal price of \$4.80, and it is quite generally believed that the price will go lower. This means that on all purchases the buyer must pay about twenty percent advance in price. The exchange of other countries is even more demoralized. It is possible that foreign nations are not unwilling that this decline should take place, so that their nationals may be forced to restrict their purchasing. Thoughtful men of experience know that the present condition can be remedied only by efficiency, that is, increased productiveness on the part of individual workers, and economy, that is, the purchase of only so much as may be necessary for comfortable living. This truth is appreciated only in part by labor in the United States. The demand for shorter hours, and in some cases for work five days only a week, and the tendency in some directions to slackness in work, has perhaps a more potential influence upon advancing prices than increased cost of labor. In other words, if the increased cost of labor secured efficiency there would be much more probability of the present scale of wages being maintained for a much longer time in the future.

There is much talk of profiteering, but much of this so-called profiteering is made necessary by the increased cost of operation. It must always be remem-

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bered, however, that the basic cost is that of labor and that this cost is not measured solely by the amount paid to a man for a day's work, but by his efficiency. The era of expansion is bound to continue so long as excessive issues of money remain in circulation. Some years ago the average per capita of circulation in the United States was about twenty dollars, now it is over fifty dollars. This will be remedied in the course of time by a gradual repayment of the national debts and the withdrawal of superfluous currency. Europe and the rest of the world cannot buy unless they sell, and as they are working under the pressure of necessity, we must expect that their purchases in the future will decidedly decrease, though perhaps not immediately, and that their production must necessarily increase. The reflex action of this improvement of conditions abroad will benefit this country by a reduction in the price of food and manufactured products.

Since the signing of the Armistice the general tendency of American crude drugs has been to greatly advance in price, and this tendency will continue for the next several months. Chemicals have a tendency to decline and European crude drugs will be obtainable at lower prices as soon as they can finance shipments and transportation can be arranged. It is true, however, that in many cases the goods they have to offer are old stock, which would seem to indicate that during the recent years of the War, the crops were not generally gathered.

PERMISSIVE PRICE MAINTENANCE.

The Trade Commission has reached the following conclusions relative to Price Maintenance and has accordingly addressed the Speaker of the House:

- (1) That producers of identified goods should be protected in their intangible property right or good will.
- (2) That the unlimited power both to fix and to enforce and maintain a resale price may not be made lawful with safety.
- (3) That unrestrained price cutting is not in the public interest.

Bills now pending before the Congress may well be made to meet the difficulties of the situation if amended to provide for a review of the terms of resale contracts and a revision of resale prices by a disinterested agency.

Therefore, it is recommended that it be provided by law that if the manufacturer of an article produced and sold under competitive conditions desires to fix and maintain resale prices, he shall file with an agency designated by the Congress a description of such article, the contract of sale, and the price schedule which he proposes to maintain, and that the agency designated by the Congress be charged with the duty, either upon its own initiative or upon complaint of any dealer or consumer or other party in interest, to review the terms of such contract and to revise such prices and that any data and information needful for a determination be made available to such agency.