

DEPARTMENT OF BUSINESS MANAGEMENT

Conducted by Paul C. Olsen.*

COMMENTS, QUESTIONS AND SUGGESTIONS ARE INVITED AND WELCOME.

Readers are invited to submit comments, criticisms and suggestions regarding the material which appears in this department. The Editor also will undertake to answer questions regarding general problems of business management. Letters of general interest will be published, but the writer's name will not be revealed without his permission.

WHAT IS NEW IN THE PRICE SITUATION?

BY PAUL C. OLSEN.

Reports are being published in the drug journals and even in the daily newspapers of the efforts of drug chains and others to raise the prices of many items of popular merchandise from the levels to which keen price competition in many localities has lowered them. At the same time reports come from Washington of the progress of the Capper-Kelly Fair Trade Bill; as everyone knows, it is now in a more advanced position in Congress than at any time in its long and tempestuous history.

With these two facts, now so prominently before them, some people in the drug trade may conclude that an era of peace and tranquillity, in so far as price competition is concerned, is about to dawn in the drug trade. Unfortunately, however, this can hardly be expected, in my honest opinion at least. If anybody disagrees with me, I should be very glad indeed to have them correct me and set me right.

Consider, first, one of the possible effects of the Capper-Kelly Fair Trade Bill,¹ an effect which for some reason hasn't been given much publicity. A nation-wide investigation of the Druggists' Research Bureau showed that the usual number of brands of tooth pastes stocked in drug stores ranged from 12 to 31, according to the

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¹ *This very important fact should be taken into consideration*—that the enactment of the Capper-Kelly Fair Trade Bill will legalize the making of price maintenance agreements between manufacturers and their wholesale and retail distributors as well as between wholesalers and retailers. By this enactment, it will virtually compel every manufacturer and distributor of merchandise sold by the drug trade to take a *positive and definite stand for or against price maintenance agreements*. As things are now, a manufacturer or a distributor can plead that he gladly would enter into price maintenance agreements if it were possible legally for him to do so, although secretly believing and encouraging just the opposite viewpoint.

Congressman Clyde Kelly, who has consistently given time and effort to the measure referred to, some time ago closed a masterful and timely address in which he pointed out the dangers of uncontrolled price cutting by saying: "*I am willing to rest my case on the principle that public policy requires that independent business men of full age and competent understanding shall have the right to contract to uphold a uniform price policy on standard goods, and that such contracts, entered into freely and voluntarily, shall be held good and shall be enforced in courts of justice.*" It is hoped that the Capper-Kelly Bill will become a law and prove to be a means for correcting the greater evils of price cutting.