

## PUBLIC FACING MONOPOLY.

PRESERVATION OF COMPETITION PUBLIC'S ONLY PROTECTION.

CAPPER-KELLY BILL DESIGNED TO CHECK THE USE OF PREDATORY  
PRICE-CUTTING TO BUILD MONOPOLY.

HOW TO MAKE THE CAPPER-KELLY BILL A LAW.\*

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Unless checked by law yet to be enacted, or by the enforcement of existing law, the consuming public ultimately will find itself at the mercy of monopolies in the production and distribution of the necessities and luxuries of life. The mass producers and distributors themselves are advertising this obvious fact. As late as February 10, 1931, Chain Store Shareowners, Inc., representing the common stocks of apparel chains, drug chains, 5 and 10 cent chains, grocery chains, mail-order chains, restaurant chains, shoe chains and sporting goods and auto supply chains, advertised in the *Washington* (D. C.) *Star* that "the chain store industry today transacts 16 per cent of the nation's retail merchandising—a volume of \$6,500,000,000—and conservative authorities predict a doubling of this volume within 10 years." This "investment trust" further advertises that the chain store industry is "three times as big today as it was 10 years ago" and that "the chain system of merchandising has supplied a method of distribution that has become essential to mass production." The same advertisement was published in the *Saturday Evening Post* of January 24, 1931.

"For years the chain stores have ploughed back into their individual businesses for future development from 40 per cent to 60 per cent of net earnings—a greater proportion of net earnings on common stock than any other industry," the advertisement continues. Whose money has been "ploughed back" into the chain store industry for future development? The consuming public's money. The remarkable thing about it is that this consuming public has been led to believe and to-day thinks that it has been the beneficiary of nothing but "bargains" generously handed out by chain and department stores and mail-order houses.

## UNEMPLOYMENT INCREASED.

Unwittingly the consuming public by its patronage of chain and department stores and mail-order houses has spread unemployment. "In 1929 alone 265,000 salesmen were thrown out of jobs as the result of food mergers. In the last eight years 300,000 independent merchants have been put out of business by chain store methods of competition," Clyde Kelly stated in an address to the House of Representatives on January 29, 1931.

## THE BUSINESS DEPRESSION.

For the first time in the history of this great country we heard of "profitless prosperity" in the years 1928 and 1929. This was the result of cut-throat competition. According to W. T. Grant, of the Grant Department Stores, from three to five billion dollars' worth of goods was sold at less than the cost of production in a retail merchandising price war. Those who innocently thought they were taking advantage of this predatory price-cutting are now holding the bag. The general business depression is the price of that method of doing business. The chain store industry has not suffered, according to its own testimony.

## COSTLY "BARGAINS."

Proof of the enormous profits made by the Macy chain of department stores in New York, Newark and Atlanta was presented to the House by Clyde Kelly and presented by Senator Brookhart recently to the Senate in the form of a table based on a record of purchases by customs' agents at the direction of Secretary of the Treasury Mellon under a resolution of the Senate when the last two tariff bills were under consideration. It was desired to learn the effect of the tariff on retail prices of imported merchandise. The trick of predatory price-cutting is to attract

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unsuspecting purchasers with price-cut nationally advertised brands and fleece them with unidentified merchandise. The chains also use their own private brands as substitutes for well-known and popular brands. The excessive profits made out of the public on private brands and unidentified merchandise, whose value is not known by the public, make the large net earnings regularly "ploughed back" in the chain store industry. Here are a few of the items taken from Secretary Mellon's record showing the margin of profit of R. H. Macy & Company on imported goods:

Article.	Landed cost.	Retail price.	Percentage of price to cost.
Pic plate	\$0.103	\$0.29	181
Glass lamp dome	0.458	1.74	280
Glass lamp chimney	0.0641	0.23	258
Salad set	1.64	4.75	189
Marcel iron	0.1251	1.39	1,012
Barometer	1.40	7.94	467

Sauce pot, dinner set, dinner plate, aluminum teaspoon, sewing basket, scrub cloth, castile soap, steamer rug, bridge set, Apollinaris water and beaded trimming were also reported in Secretary Mellon's table of imported goods which were sold by R. H. Macy & Company at profits ranging from 136 per cent to as high as 580.

MAKES FOR MONOPOLY.

What a prophet was Hon. Louis D. Brandeis, now Associate Justice of the Supreme Court of the United States. In *Harper's Weekly* on November 15, 1913, he said: "Americans should be under no illusions as to the value or effect of price-cutting. It has been the most potent weapon of monopoly—a means of killing the small rival to which the great trusts have resorted most frequently. It is so simple, so effective. Far-seeing organized capital secures by this means the coöperation of the short-sighted unorganized consumer to his own undoing. Thoughtless or weak, he yields to the temptation of trifling immediate gain; and, selling his birthright for a mess of pottage becomes himself an instrument of monopoly."

NOT PRICE-FIXING.

The Capper-Kelly Bill is not a price-fixing measure. The opposition called it such to defeat it. The public's objection to price-fixing—which must be at the public's expense—was well understood. The misrepresentation of the bill appears the moment it is read. Unfortunately the public does not read bills introduced in Congress. The Capper-Kelly Bill expressly provides that the contracts it sanctions be limited to trade-marked articles in "fair and open competition with commodities of the same general class produced by others."

FORD MAINTAINS PRICES.

Henry Ford fixes and maintains the prices of his products; so does General Motors, General Electric and all the other Generals. The price is fixed and maintained through the agency or consignment system of distribution. Has anybody been heard to complain of price-fixing and price maintenance as practiced by large aggregations of capital who can organize and operate the agency or consignment system of retail distribution? If it is wise and legal when practiced by large capital, why should it not be equally sound and legal for independent manufacturers, wholesalers and retailers to practice price maintenance through the contract system? This is all the Capper-Kelly Bill authorizes. It applies only to competitive trade-marked articles, thus safeguarding the public against price-fixing. Competition will protect the public against excessive prices.

THE PUBLIC'S DANGER.

The public's choice lies between mass production and mass distribution making for monopoly and the preservation of the competition of independent business men by placing them on terms of equality with mass producers and mass distributors. The Capper-Kelly Bill does this. If it does not, clearly it is up to Congress to furnish adequate and instant legislative relief in some other form. Until it does Congress is not safeguarding the public welfare.

## COMPETITION PROTECTS PUBLIC.

As far back as 1914 Congress undertook to preserve competition for the protection of the public by prohibiting unfair competition. It enacted the Federal Trade Commission Act. In the light of present-day conditions that law is inadequate, or it is not being enforced. Several years ago a member of the Commission himself declared that additional legislation was necessary. The Sherman Act and the Clayton Act supplementing it are predicated on the theory that the public interest may best be subserved by the preservation of competition. It is the regulation, not the destruction of competition that the public welfare requires. The Capper-Kelly Bill interferes with no existing law. It might be said to be "An Act to promote fair competition." If it changes any provision of the Sherman Act—the one relating to contracts in restraint of trade—it does so for the purpose of effectuating the intent of Congress when it enacted the Sherman Act. In no sense, however, does the Capper-Kelly Bill amend the Sherman Act so as to legalize contracts in restraint of trade. Competition must always exist in fact wherever a contract is made under the proposed Capper-Kelly law. Although President Wilson urged that instead of sanctioning and regulating private monopoly competition should be regulated in the public interest, a large majority of the Democratic members of the House of Representatives on January 29, 1931, voted to kill the Capper-Kelly Bill. The Maryland delegation was a notable exception. The Baltimore Branch of the AMERICAN PHARMACEUTICAL ASSOCIATION, the Maryland State Pharmaceutical Association, the Baltimore Association of Retail Druggists and the National Association of Retail Druggists are justly entitled to credit.

## EDUCATE CONSUMERS AND CONGRESSMEN.

The enactment of the Capper-Kelly Bill in desirable form depends entirely upon the education of the consuming public and members of Congress, particularly Senators. As far back as May 15, 1912, Mr. Justice Brandeis, then off the bench, said this to a body of representative business men:

"The only way you can get this thing (a price standardization bill) through Congress is to educate the American people on this subject. Make them understand the difference, which will become perfectly clear to any man who studies the business aspect of this; bring your facts before Congress and the people and you must succeed; but the task of education must be persisted in."

To what extent have the retail druggists of Maryland and of all the other States of the Union educated the consuming public? "Consuming public" spells voters; "voters" spell makers of Representatives and Senators. Once a public demand is created for the enactment of the Capper-Kelly Bill, Congressmen and Senators may be depended upon to do the rest. I have given this advice in speeches and in writing for years. This is my contribution to the cause of the preservation of the independent business man and the protection of the consuming public. A lawyer can only give advice; he cannot translate it into action. It is now up to the independent business men of this country. If they desire to continue in business, they will conduct well-organized and directed campaigns for the education of the consumers and the members of Congress. If they begin at once and persist in the conduct of such a campaign they will pass the Capper-Kelly Bill at the next session of Congress as surely as they will breathe if they live.

## TARTARIC ACID IMPORTS.

Larger shipments both from Germany and Italy were responsible for the larger United States imports of 2,912,000 pounds (\$779,000) of tartaric acid in 1930, as compared with the 2,220,000 pounds (\$689,000) imported in 1929. Comparative figures for the shipments into the United States, from the two countries that are practically the sole sources follow: Germany—2,229,000 pounds in 1930, and 1,540,000 pounds in 1929; Italy—659,000 pounds in 1930, and 553,000 pounds in 1929.

## BENZOL EXPORTS.

Benzol was one of the brightest spots in our 1930 chemical export trade, according to the yearly survey appearing on page 429 of *Commerce Reports* for February 16, 1931. In this article, it is stated (referring to the year 1930): ".....benzol stands out with the largest amounts ever shipped abroad, or a total of \$9,600,000 worth (44,600,000 gallons)."