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HUMPHREY URGES IMMEDIATE ACTION ON TAX CUTS

Senator Hubert H. Humphrey (D., Minn.) has urged Congressional action this year for tax cuts on both personal and corporate income.

Speaking Monday at the national convention of the National Office Machine Dealers Association at the Leamington Hotel in Minneapolis, the Senate Majority Whip said that "one of the greatest obstacles to getting our economy running at full acceleration is present uncertainty over tax policy."

"Congress should end this uncertainty by enacting this year a tax cut on both personal and corporate income. These tax reductions, tied in with the Administration's proposals now before the Congress for a tax credit on capital investments, will give our economy the boost it needs," Senator Humphrey said.

"By acting this year on tax cuts, Congress will encourage new investments for more modern and efficient production, bolster employment, increase consumer spending, and take up the lag in presently unused plant capacity.

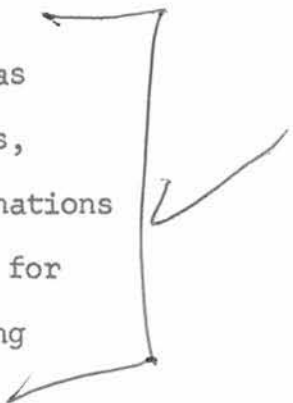
"Present tax laws are a drag on the economy. Only by

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reducing personal and corporate income taxes, granting investment tax credits, and putting into effect more realistic depreciation allowance schedules can we realize our full economic potential.

"Failure of the Congress to act--and to act this year--will mean a continued lag in the economy which cannot be tolerated.

"Our country cannot meet its responsibilities as leader of the free world, maintain adequate defenses, provide necessary assistance to the underdeveloped nations of the world, and provide adequate living standards for the American people with an economy that is operating below maximum efficiency.



"The time for action is now. The responsibility rests with the Congress of the United States. Before this session of Congress comes to an end I am hopeful that the new tax law will be enacted so that we can get our economy operating at full speed."

Excerpts of Remarks By
SENATOR HUBERT H. HUMPHREY

National Office Machine Dealers Association

Minneapolis, Minnesota
June 25, 1962

SJR 159
Bipartisan

Quality Stabilization Act

In essence, the Quality Stabilization Act is carefully designed to strengthen our antitrust laws by suppressing certain unfair methods of competition generally acknowledged as promotive of monopoly in distribution. Toward this end, the joint resolution empowers the owner of products identified by his trade-mark or brand name to prevent distributors handling his products from using such ^{unfair} methods in reselling the trademarked or branded products, and thus damaging the mark or brand and associated good will. Whenever a trademark or brand name owner discovers his products being used by a distributor in any scheme involving

(1)

first, misrepresentation; second, bait merchandising;

(3)

or third, sales at other than the established price,

he may revoke the offending distributor's right to

use his mark or brand in reselling such goods. { In

addition, the trademark or brand name owner is en-

titled to injunctive relief, if the offending dis-

tributor disregards the notice of revocation and

continues the challenged sales practices.

Basically, no more is involved than recognition
(1) of first, the property values inhering in business

good will and trademark or brand name adopted to

maintain and extend it, and (2) second, the need to pro-

tect by appropriate remedies such property rights from

marketing practices producing injury.

In this light, my proposal is merely an extension
of our trademark and copyright laws--an extension enabling
a trademark or brand name owner to protect his property

rights through the channels of distribution.

Certainly, if we accept the right to own property and
the corresponding right to protect such property--
which are basic rights of every American citizen--then
we must accept the objective of the "Quality Stabili-
zation" resolution--protection of valuable investments
in trademarks, brand names, and good will from ruinous
marketing tactics. We seek to establish in the market
place fair competitive practices.

It should be noted that nothing would bar a
distributor from removing the trademark or brand
name from the product--thus separating the physical
property, which he owns, from the good will, which is
another's property--and then selling the commodity
at his own price or in his own way, so long as he
does so without making use of the good will of the

latter to reach his end.

In reviewing the nature and purpose of the proposed legislation, I should like to stress the permissive

character of its provisions. There is no obligation

upon the trademark or brand name owner to avail

himself of the rights accorded him under the proposed

legislation. It is conceivable that the owner may not

be interested in protecting his good will, trademark,

or brand name from the unfair methods of competition

defined in this bill. But whatever his decision, it

will be his own. No one may force him to decide either

way. Whether he does so act or not will be his own

decision provided his products are in free and open

competition with other similar products. Similarly,

those engaged in merchandise distribution--that is, the

wholesalers and retailers--will not in any way be

obliged to handle trademarked or branded merchandise

Permissive

subject to the "quality Stabilization" joint resolution.

As always, they will decide for themselves what

products they will stock and offer for sale. American

consumers, too, will enjoy full freedom of choice

under the joint resolution; they will be free to

accept or reject all merchandise, to pick and choose

between "protected" and "unprotected" products.

It is in the interest of consumers that we

encourage independent retailing and fair competitive

practices. Our huge productive capacity turns out

tremendous quantities of goods which provide us

with a standard of living higher than that of any

other country in the world. In order to distribute

efficiently, our free enterprise system needs hundreds

of thousands of independent retail dealers, as well

as chainstore outlets. We need retailers who are

responsive to the needs and wants of their customers.

A system which includes hundreds of thousands of independent retailers protects the consumer against monopolistic tendencies and resultant higher prices.

The fair competitive practices which are promoted under my proposal assure the consumer that quality tested and reliable products will continue to be available. As the late Associate Justice Holmes once said:

"I cannot believe that in the long run the public will profit by permitting knaves to cut reasonable prices for some ulterior purpose of their own and thus to impair, if not destroy, the production and sale of articles which are assumed to be desirable that the public should be able to get."

Also, in terms of the economic health of the independent business community, this legislation is long overdue. According to Dun & Bradstreet's annual report on business failures, more small firms failed last year

~~than any year since 1933. Over 17,000 concerns,
almost all small, failed last year, reflecting an
1,190 increase over 1960's bankruptcy total.~~

Enactment of this proposed legislation is essential
to the competitive survival of hundreds of thousands
of independent businessmen in all parts of the
country. Most important, its enactment will make
possible the advancement of independent retailing,
and, thereby, will add significant social and economic
values to our free enterprise society. I know most
Americans agree that independent business in America
is worthy of preservation. It is the key--the
strength--of a free economy based on healthy and fair
competition.

QUESTIONS AND ANSWERS ON THE QUALITY STABILIZATION
BILL

(Q) Is the Q.S.B. a price fixing device?

(A) Absolutely not! The bill provides that the manufacturer of trademarked products in free and open competition will have protection against the use of his good name for bait merchandising. Unethical retailers can be restrained from using his trademark for their own advantage and the public will be protected against misrepresentations regarding his products.

(Q) Does the Q.S.B. protect retailers?

(A) No law can protect inefficient retailers, nor will this bill protect those who fail to render service to the public. The Q.S.B. will enable reputable retailers to stand back of the products they sell, to render better consumer service because of their ability to compete on a fair and equitable basis and will permit small business men to remain in business to better serve the hundreds of thousands of

American communities.

(Q) Does the Q.S.B. protect wage earners?

(a) The stabilization of quality will stabilize employment. Cutthroat price cutting on a product forces the manufacturer to expect 15 men to do the work of 20, resulting in layoffs in all types of workers. So-called "low margin" retailers, by their unfair methods, hurt labor much more than they ever help.

(Q) Does the Q.S.B. limit the amount of profit to retailers?

(a) Yes! The bill provides that no retailer, even those without competition on the specific trademarked article, may charge more than the price established pursuant to the bill.

(q) Does the Q.S.B. provide for freedom of choice of products by consumers?

(A) Yes! The consumer will be free to choose whether he will buy a quality product or whether,

for some reason, he will buy a product built "to sell at a price". The choice remains solely in the consumer's hands.

(Q) Are manufacturers compelled to market their products under the provisions of the Q.S.B.?

(a) Absolutely not! Like consumers who buy the products, the manufacturers have a free choice as to whether or not they will sell in accordance with the Q.S.B. The free enterprise system is thus preserved.

(Q) Does the Q.S.B. prevent retailing monopolies?

(A) Indeed it does! The bill encourages competition among retailers, thereby preventing any and all monopolies among them.



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