

MINNESOTA RADIO TAPE OF MARCH 4, 1963
FOR BROADCAST WEEK BEGINNING MARCH 10

Ladies and gentlemen --

This is Senator Hubert Humphrey, reporting from Washington
to the people of Minnesota.

Today I want to tell you about an important bill I have introduced
in Congress. Its name is the "Quality Stabilization Act of 1963". Five
other Senators of both parties, including Senate Republican Whip Thomas
Kuchel, have joined me to co-sponsor this legislation.

Our bill has a rather complicated title, but its two basic purposes
are simple. The first is to strengthen the position of the Nation's
independent, small businessmen. The second is to protect the buying
public -- the consumer -- from misleading selling tactics in the
marketplace.

Let me give you an example of the type of cynical business tactics
the Quality Stabilization Bill seeks to prevent.

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Let's say that in a medium sized Minnesota community, a very popular type of alarm clock is being sold in a dozen different stores. The established retail price of this particular alarm clock is \$4.

Suddenly, one of the stores advertises this clock at a price of \$1.98. The store's advertisements also imply that the clock is powered by inexpensive transistor batteries.

The result is inevitable. Many shoppers flock into the store with this appealing advertisement. But when they ask for this clock, they find that it is a normal, electric alarm clock from which the cord has been removed, and that special transistor batteries for it would cost an extra \$3 above the advertised price of \$1.98 for the clock itself.

Now all this is an imaginary example, but it represents elements of a practice which is all too common in our market place. Such a practice is unfair to the consumer, because he has been misled. It is unfair to the other 11 stores in the town, because customers have been driven away from them. And it is unfair to the established manufacturer of the clock,

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because the quality of his produce has been misrepresented and threatened.

Actually, the one store which has used this tactic does not care about such factors. It is satisfied because it has pulled in new customers, and it can even sell the clocks at a loss because it is part of a huge system of retail distribution which can overcome such losses because of its very size.

My Quality Stabilization Act would put an end to this type of practice. This bill would work by allowing the manufacturer -- the owner of the trade mark or brand name of a product -- to stop distributors from making misrepresentations about the product, using it as what we call "bait" merchandise, and selling it at other than the established sale price.

The bill also provides that a manufacturer can refuse to let a distributor who engages in such practices to handle his product. If the distributor ignores warnings, the manufacturer may get a court order to stop him.

I repeat that the Quality Stabilization Act will protect the public. But just as important is the protection it gives to the small, independent

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businessmen.

America's small business community is an important part of this Nation's total strength. But our independent businessmen are in trouble, partly because of the cutthroat market practices I have described. In 1962, there were almost 16,000 failures of commercial firms in this country. Almost half of those failures came to independent, small retailers.

The pattern must be halted, and I believe the Quality Stabilization Act will help. We need a system of free, independent businessmen in this country to provide honest service and quality products to our people and communities.

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