

Speech of
Senator Hubert H. Humphrey
to the
Alpha Zeta Omega Pharmaceutical Society
June 27, 1955

I cannot express to you how deeply I appreciate the honor that you have accorded me this evening. My gratitude flows from the fact that pharmacy and the drug business have meant a great deal in my life. I have often told my colleagues in the Senate that I was born over a drug store and cradled behind the soda fountain. Perhaps you knew in choosing me for this honor that my early years were spent around my father's drug store. First, playing around and getting into mischief, and then, as I grew older, helping out in the many ways that a young boy can around a drug store - if there had been a contest for washing bottles, I would have been a leading challenger for the title.

When it came time to go away to school, I attended the Denver College of Pharmacy, and after that I returned to our drug store to begin a participation in the family drug business that continues to the present day. The years that I spent as a pharmacist in the family drug store were among the formative years of my life. I have long felt that my experience during those years helped form the principles that have guided me in my public life. For the filling of a prescription is a very responsible act. It imbues one with a sense of responsibility to others that I like to think has carried over into the acts of my public career.

As an example, during the recent controversy over the Salk anti-polio vaccine, there was plenty of opportunity to make political

lay over the confusion that reigned in the administration and the Department of Health, Education, and Welfare. From my background as a druggist I was better able to understand the problems of testing and distributing the vaccine than were most members of Congress. Information came to my attention that the testing methods being followed were not adequate to insure the safety of the vaccine. As I have said, the opportunity was great to play politics with this highly emotional issue, and the temptation was surely there. As the father of four children - three of whom are in the age groups affected by the distribution plan - I felt quite strongly about this matter. It might not have been wholly politics to have shared my knowledge and concern about how this vaccine problem was being handled with the other fathers and mothers throughout the nation. But I knew they were already upset enough as conflicting report after conflicting report emanated from Washington. I asked Doctor Leonard Scheele to come to my office - the newspapers were not informed - and we discussed the situation for nearly two hours. I found that his concern was quite as great as mine that proper safeguards should be instituted to protect the children of our country. Nothing was said at the time about this, and the nation's parents were not alarmed more than they already had been. Yet I believe that it contributed to the improvement of the safeguards that are being adopted. I think that it was my training as a pharmacist that enabled me to be helpful rather than just critical in this case.

Another part of the experience of my years of training in the drug store that has been helpful to me in my public work was that I learned to listen to other people's troubles and then to try to help them. This is mighty good training for anyone who is going to serve the people as a legislator. For an important part of a Congressman's job is to listen to the problems of his constituents and then do what he can to help them. From this regular attention to the needs or difficulties of our citizens we also keep in touch with what needs to be done to improve our laws.

But I think that one of the lessons that has impressed itself most deeply upon me from my years of experience in the drug store is the importance to our nation and to our democracy of the small, independent businessman. Political freedom depends upon economic freedom. You cannot have political freedom without economic freedom and you cannot have political freedom without the people having a great stake in their country and with the sense of owning and possession that comes from their management and ownership - their property, their business, their home.

It makes for good communities. You would not have the churches and the playgrounds and the community houses in America, ladies and gentlemen. You would not have the kind of community you have if it were not for the thousands and thousands of independent businessmen up and down main street that pay bills and taxes and make contributions to the Community Chest and the Red Cross and the hundred and one other activities.

Democracy will survive because there are millions upon millions of people that have a stake in life, who feel that this democracy is theirs. They feel that it means something to them. I want to see the kind of America where I can drive up and down the highways and find thousands of people who own their own homes and their own property. It gives them a sense of status and stability and respect. I do not want to live in a society where somebody is the boss and everybody else is the hired hand. I want to live in a country where everybody can aspire to be boss, where he can be his own manager, and owner.

A bulwark of protection of our small businesses, of the drug store, and the other stores that line Main Street across the country, are our Fair Trade laws. I am sure we are all familiar with the ways in which the monopolistic powers have rigged prices so as to drive thousands upon thousands of independent merchants out of the market. All of us know what the loss leader is. How, especially during the depression the chain drug stores, for example, would advertise a sale of well-known products, such as Colgate's toothpaste or Bayer aspirin, at prices far below wholesale costs. Customers were drawn away from the independent druggist. While the chain lost money on the advertised products, it could afford to take the loss, for the customers thus drawn into the store would purchase drugs and other items on which there were much larger mark-ups. The independent druggist, not having the resources for advertising, could not compete. I saw my father-in-law driven out of business by those methods. I saw my own father suffer from them. I feel very deeply about this matter.

It is just such practices as these that our Fair Trade laws are aimed to prevent. But it is just because they do protect the small, independent businessman and preserve competition that the Fair Trade laws have been under almost constant attack. The fight on Fair Trade is shifting and takes on three or four aspects - one to prove to the American people that it destroys competition when you and I know that it protects it. Secondly, to show that fair trade is inflationary price fixing and holds prices high. We know that of all the commodities in America in this great period of inflation that have held the line, it is those commodities that have been fair trade. They have been the best of the group.

There isn't a business in America that can show the record for holding the price line as well as the retail pharmacist and the retail druggist since World War II - show me one business in America that has held the price line, giving the consumer more for the dollar, better than the retail pharmacist. Fair Trade has played its part in this accomplishment.

The new attack on fair trade is in what I call the economic market place. It is being carried on by the discount house and the mail order discount houses. In our nation's capital, the District of Columbia, we have no Fair Trade laws, so the discount house can flourish. Let me quote you some figures on these discount houses - I gathered them last year, but I think they still illustrate how the discount house is underselling the free trading independent merchant. This is from the "Master Mail Order Company

of Washington, D. C." "Kodak, Eastman film, list price per roll, 41 cents, your price for dozen, \$3.69". Mr. Pharmacist, you almost pay that much wholesale for them. In Westinghouse appliances, Westinghouse Roaster Oven, Fair Trade \$39.98, their price \$29.99. We can go down to the Kodak duoflex, list price \$14.50, their price \$11.31. You cannot survive that kind of competition. What is going to be done about it?

Fair trade is a cooperative relationship and contractual relationship between the manufacturer and the retailer through the wholesaler or distributor. It is time the retailers told the manufacturers that it is up to them to live up to the full meaning and purpose of the Fair Trade Law. With equal candor, it is time for every retailer to live up to the full intent of the Fair Trade Law because even some people who say they are for fair trade have violated it in an effort to get a fast sale so the competitor down the street would not get it.

We know that fair trade does not provide exorbitant profit. We know that it provides competition, because you can't fair trade an article unless there are other articles that fulfill the same services that are competitive to it. We know that every article is not fair traded - it is mainly nationally advertised articles. And there are always competitive commodities, those commodities that are substitute commodities that act as part of the competitive force in the economy.

I call your attention to the economic parasites eating at the foundation of our economic stability. They may not have gotten into your home town yet, but they are in Minneapolis and St. Paul, and Toledo and Washington, D. C. They are the merchandising bootleggers. Sometimes they don't even have these discount houses or the accommodation of an office. They have a mailing address. They are the brokerage parasites, frequently never even handling the commodities themselves, doing a middleman's job between the distributor and the consumer. The Fair Trade Law of this country lays down a code of ethics, and economic moral code and these discount houses are a violation of that economic moral code.

I suggest that you had better join in the fight against these merchandising specialists, if you have not already done so. Here is what can be done. Retailers must call upon their fair trade manufacturers to choose between legitimate merchandisers and the "merchandising speakeasy". Many manufacturers are willing to do this, and they all will be if you remind them that you are their outlet. It doesn't matter how much national advertising we have in this country, if we do not have outlets and consumers. The local drug store on the corner, or in the middle of the block, is the outlet. It is, so to speak, the television screen of business that carries the show of national advertising into the community - not the discount house in the back alley, but the pharmacy and the department store on Main Street with big overhead, and big investment,

and big inventory, and employees hired out of the community. The independent druggist is the outlet for the nationally advertised brands and the manufacturers of those brands. The manufacturer has to have it put right to him: Are you going to engage in this kind of bootlegging operation or engage in legitimate fair trade practice? I think when that kind of choice must be made it won't take them long to make up their minds.

Many law suits have been filed and are being filed against those who are underselling the fair trade price. Where a manufacturer wants to prosecute and can get the evidence, these fair trade suits are being won. When you find a discount house in operation and nationally-advertised brands being sold in violation of fair trade, it is your duty to ask that the manufacturer prosecute and seek legal remedy to correct what is a violation of public law.

It is up to us, as business people, to have the public understand that discount houses can eat away the economic and social and human values, in real estate, in local taxes, and in community service. These discount houses are fly-by-nights. They will never take up their fair share of the burden of your community. Remember, for every dollar that somebody doesn't pay, you have to pay that much more. For every burden that someone doesn't shoulder, you have to take on that much of a load. That is why we have fair trade, so we share burdens equitably.

But there is another aspect of the attack on Fair Trade - a brand new one and one which I consider the most serious of all.

Attorney General Brownell's National Committee to study the Anti-trust Laws recently made its report. The Attorney General's Committee recommended that Congress repeal both the Miller-Tydings amendment to the Sherman Act and the McGuire amendment to the Federal Trade Commission Act. These are the statutes on the federal level which enable our Fair Trade Laws to function on the state level. Yet, the Attorney General's Committee recommended - on March 31st of this year - that these laws be repealed. This would destroy Fair Trade in this country. I certainly do not intend to allow this to happen, and I am sure that there are other members of Congress who feel as I do. But if the Administration insists upon this position we may be in for a tough battle, and we will need the support of every one of you to whom fair trade means economic survival.

As Chairman of the Subcommittee on Retailing, Distribution, and Fair Trade Practices of the Senate Select Committee on Small Business I intend to begin hearings very soon to investigate this whole matter of the threat to our Fair Trade laws. I will certainly go into just what lies behind this recommendation of the Attorney General's Committee that would destroy fair trade. May I pledge to you - as part of my thanks for the honor you have bestowed upon me this evening - that I will do everything I can to uphold our Fair Trade laws. The investigation which my subcommittee on Fair Trade is about to undertake will get to the bottom of the Administration's attack on Fair Trade, and I pledge my continuing personal efforts to insure that the attacks on the Magna Charta of small business do not succeed.



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