

Excerpts of Remarks by
Senator Hubert H. Humphrey

MASTER PHOTO DEALERS AND FINISHERS ASSOCIATION

Atlantic City,
New Jersey
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President Durbon and distinguished members and guests
of the Association ---

Perhaps some of you may still be wondering why your
officers asked me to be one of the principle speakers at your
convention.

You may ask: How does Senator Humphrey relate to our
work?

Well, I have news for you. I, my colleagues in the
Senate, and most other public officials are photo dealers
in our own right.

Every week, I receive hundreds of requests from people
in all parts of the Nation -- many of them children asking
for an autographed picture.

Last week, one little boy in Minnesota wrote the following note to me with his request for a picture:

"Dear Senator Humphrey," this note read. "Please send me a picture of yourself. I want the kind with a smile. When you don't smile, you look like my Uncle Louie. He's 87 years old."

And a little girl out in California wrote this disarming letter when she asked for a picture:

"Dear Senator Humphrey, my class is studying two things. We are studying the government and we are studying bugs, and I have to make the scrapbooks. Please send me a picture of yourself for the scrapbook." She signed her name, and added this postscript: "I hope I haven't confused you. I want your picture for the scrapbook on government, not for the scrapbook on bugs."

Usually, I can satisfy these requests for pictures. But once every few months, I am stumped.

A young lad in Texas made this request:

"Dear Senator Humphrey, I would like several pictures of you for my collection . Here are the pictures I want:

1. A picture of you and President Kennedy
2. A picture of you and Lyndon Johnson
3. A picture of you and Adlai Stevenson
4. A picture of you and Harry Truman
5. A picture of Carolyn Kennedy.

"The first four pictures I ask for would be nice to have, but they are not real important. Just send the picture of Caroline and I will be satisfied."

There is another reason, a serious reason, I am with you today.

A few weeks ago, I introduced in the United States Senate a bill which affects you, the prospects for your future and the future of your businesses.

This is the "Quality Stabilization Act of 1963." I am proud to be the author of this legislation, and pleased that

in the Senate it has drawn support from leading members of both political parties.

My counterpart on the Republican side of the aisle, Minority Whip Thomas Kuchel, of California, is a co-sponsor of this important legislation, along with others from both parties.

Frankly, it is not often that such a bi-partisan group of Senators are listed as sponsors of the same bill.

The sponsorship of the Quality Stabilization Act proves one thing: To borrow a phrase from the President, we are seeking this legislation not to please any limited geographic area, not to please any special interest, not to please either specific political party -- but because this legislation is right.

The name of this legislation is not important. We call it the "Quality Stabilization Bill." Others label it with the phrase "Fair Trade Law."

What is important is the central purpose of this legislation. That purpose is three-fold:

First, to protect American manufacturers against retailing tactics which threaten the quality of their products and the value of their trade marks and brand names.

Second, to protect the independent businessman against cutthroat tactics in the market place.

Third, and just as important as the first two -- to protect the buying public -- the consumer -- against misleading claims and misrepresentations about products on sale in retail outlets.

The effort in Congress to win approval for this legislation will not be easy. We must face the fact that it is opposed by powerful and influential forces, forces which managed to stall and delay action on the Quality Stabilization Bill I introduced last year.

The quality stabilization bill of 1963 has been revised from last year, although in principle and purpose, it remains unchanged. The present bill is the result of extensive public hearings held last year in both the Senate and House.

We now have a stronger, more effective quality stabilization bill, a measure which enjoys the enthusiastic support of more than 70 business organizations representing about 4 million private entrepreneurs from cities and towns across the country.

Let me remind you of the objective and the purpose that the quality stabilization bill is intended to accomplish in behalf of the competitive interests of the Nation's manufacturers and independent businessmen.

Simply stated, it strengthens our antitrust laws by outlawing certain unfair methods of competition that inevitably promote monopoly in distribution. The bill would let the

owner of a product identified by his trademark or brand name stop distributors from:

First, making misrepresentations about it;

Second, using it as bait merchandise;

Third, selling at other than the established resale price.

These provisions would allow the product owner to prevent damage to his mark or brand and the goodwill he may have taken years to build up.

Whenever a trademark or brand name owner discovers his products being used by a distributor in any such scheme, he may revoke the offending distributor's right to use his mark or brand in resales. If the offending distributor disregards the notice of revocation and continues the challenged sales practices, the owner could get a court order to stop him.

Basically, no more is involved than recognition of the property values inherent in business goodwill and in the

trademark or brand name adopted to maintain and extend such goodwill; and also the need to give trademark or brand name owners a means of protecting their rights from injurious marketing practices.

In this light, the bill is merely an extension of our historic trademark and copyright laws.

Surely, 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 Stabilization Bill -- the protection of valuable investments in trademarks, brand names, and goodwill from ruinous marketing practices.

It should be noted that nothing in the Quality Stabilization Bill would bar a distributor from removing the trademark or brand name from the product -- thus separating the physical property, which he owns, from the goodwill 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 goodwill of the latter to reach his end.

The predatory price cutter, with his superior capital resources, can, by slashing prices on national branded, fast-moving merchandise, prevent the family retailer from making a profit, and, thus, can doom him to bankruptcy. No question of business efficiency is involved. It is no more than "domination by the long purse".

The Quality Stabilization Bill would simply reestablish a system of economic fairplay in the marketplace.

I stress the permissive character of its provisions. There is no obligation, for example, upon the trademark or brand name owner to avail himself of the rights accorded under the proposed legislation.

This is not compulsory legislation; it is permissive. 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 or not is 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 the retailers -- are not in any way obliged to handle trademarked or branded merchandise subject to the quality stabilization resolution. As always, they will decide for themselves what products they will stock and what products they will offer for sale. And consumers, too, enjoy full freedom of choice under this measure. They are free to accept or reject all merchandise, to pick and choose between so-called protected and un|protected products.

This is fair legislation. It is a reasonable proposal.

It is in the interest of the consumers that we encourage independent retailing and fair competitive practices in quality stabilization. Our huge productive capacity turns out a tremendous amount 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 the large chain store outlets. We need retailers who are responsible to the needs and wants of their customers.

A system which includes hundreds of thousands of independent retailers protects the consumers against monopolistic tendencies and resultant high prices. I think that just speaks for itself. When you have a large number of outlets for products, you obviously stimulate commerce, you stimulate consumer desires, you stimulate the flow of goods, and you obviously protect what we call the competitive enterprise system.

The fair competitive practices which are promoted under this proposal assure the consumer that quality tested and reliable products will continue to be available.

Also, in terms of economic health of the independent business community, this legislation is long overdue.

The marketplace is witness to a vast multitude of misrepresentations amounting, too often, to outright fraud upon the consumer. The misrepresentations arise from the practice of price juggling by retailers with substantial dollar power. The price juggling consists in selling nationally popular famous brand goods at very low prices, often profitless prices, to create in the public's mind the impression that everything these retailers sell is as much a bargain as the bait items here referred to. In fact, there is hardly a store in the United States which engages in such tactics that does not sell many less well known branded goods at prices that yield far higher profits to the juggling retailer than he could realize through the sale of famous brand goods at fair prices.

These tactics have put in jeopardy the very survival in America of the independent retailer.

Business failures in 1961, as reported by Dun and Bradstreet, numbered 17,075, the largest number since the depression year of 1932, and these firms registered aggregate losses of \$1.1 billion, an alltime record.

About half of all business failures in 1961 were in retail trade, and small independent retailers accounted for 63 percent of retail failures.

In 1962, total failures same to 15,782. Except for 1961, this toll is still the highest since 1934.

Of the 15,782 failures covering mining and manufacturing, wholesale trade, retail trade, construction, and commercial service -- retail trade alone accounted for 7,552, or almost half. Of this number, 7,083 retailers failed with liabilities of \$100,000 or less. Only 469 retailers had liabilities in excess of \$100,000.

Moreover, the failures among retailers are not entirely confined to those recently entering the business. The latest available statistics show that 20.1 percent of all retail failures in 1961 occurred among retailers who had been in business for 6 to 10 years, and 17.6 percent among those who had been in business for longer than 10 years.

The enactment of the Quality Stabilization Bill is essential to the competitive survival of hundreds of thousands of independent businessmen in all parts of the country. Most importantly, its enactment will make possible the advancement of independent retailing and thereby 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 to the strength of a free economy based on healthy and fair competition.

At the same time, this measure can do much to restore the

confidence of the American consuming public in the quality standards of available merchandise and the fairness of applicable prices. No longer will the ethics of the marketplace be determined by the price juggling operator who cuts prices on the stars of the merchandise world and recoups his losses by selling lesser known higher-profit-margin goods. Replacing such practices of the oriental bazaar will be fair, honest, and vigorous competition in favor of the consumer.

I pledge to use all of my energies to see that the Quality Stabilization Bill becomes law this year.

I have mentioned the plight of the Nation's independent small businessmen. That is a tragedy in itself, a weak link in the whole chain of our business community, and a blemish on the economic face of the United States.

Perhaps it represents something more. Perhaps it represents a basic flaw in our approach to everything we do or seek as a nation and as a people.

I wonder if we in this nation do not place bigness itself too high on a pedestal for admiration. We devote our attention to big plans. We become excited by big ideas. We place little cards on our desks which say "THINK BIG".

Perhaps we need to reserve just a little part of our minds and efforts to some of the little needs, some of the small projects, some of the modest goals of the people of our nation and the peoples of the less developed nations we seek to help.

In slightly more than a year, I have traveled through most of the nations of Latin America. I have seen and been impressed by the big programs and projects sponsored or financed in part by our foreign aid. I realize the need for the huge steel mills, the big, long-range loan programs, the massive efforts to help lift peoples, communities and nations out of the grip of poverty and away from the sweet, transitory appeal of Communism.

But I saw other things in Latin America which deeply impressed me, and which challenged me to seek a new dimension -- call it a modest dimension -- to our public and private efforts to help the people of Latin America help themselves to secure foundations of freedom and economic progress.

I remember specific scenes which dramatized the need for us to lay aside, at least for a few minutes a day, the "grand designs" and the "big plans" and the "massive projects".

I remember the hard working, bright farmer in the hills outside Guatemala City -- who used a wood stick for a plow.

I remember the small village on the coast of Chile which could have tripled its standard of living if it had a single fishing net costing about \$95.

I remember the school house in a village in Ecuador -- empty because there was no teacher in the village.

These and other images of despair reminded me of needs which we -- or rather some of our bureaucrats -- would consider "small".

As a United States Senator and a member of the Committees on Appropriations and Foreign Relations, I intend to press whenever and wherever I can for some new attention to the small but vital needs of a Latin American farmer, a village or a school.

But I do not expect the government to do the whole job -- big or little. Our Nation's private sectors -- including the business community, including you -- can and must help.

I could give you a hundred suggestions now for steps you could take as American Businessmen to help in the effort to build freedom and progress in this hemisphere.

But I will leave you instead with one suggestion, one challenge, one modest proposal which might be ridiculed by some of our big administrators but which I think you will understand.

Here is the background.

The people of most of the cities, villages and rural areas throughout Latin America too often have nothing at all to give them hope for the future, hope for better lives.

But they do often find one, simple physical item which is important to them, and which does give them pride -- in the present or hope for the future.

I speak of the photographs of men which I saw in huts and shacks in the slums and rural areas throughout Latin America.

Often, a family would place a picture of Bolivar or San Martin in an honored place on a wall. Those are the heroes of the liberation of Latin America from foreign domination more than 100 years ago.

And often, sadly, I would see pictures of the bearded brute Castro given a place of honor and hope in the homes of the people.

I saw or sensed something else, though, among the ordinary people of Latin America.

It was a basic respect for the United States, symbolized in part by an overwhelming popularity of President Kennedy.

More subtle was the expression of respect and honor for another American -- Abraham Lincoln.

Not just in the cities, but in the out-of-the-way villages, people knew and liked President Kennedy as a friend. And they knew about and honored the memory of Abraham Lincoln.

My conclusion was inevitable: Why didn't we in the United States send simple photographs of both Lincoln and Kennedy to the people of Latin America.

We have not, and I think we have missed up to now an opportunity to take on a modest project to do a small -- but potentially important -- thing for people and villages throughout Latin America.

I throw the suggestion to you. I challenge you, your officers and the Master Photo Dealers and Finishers Association to take on this project.

This involves a contribution -- not of money, but of a small part of your time and skills and materials. I would like to see your Association organize a program to donate simple portraits of Lincoln and Kennedy to the people of Latin America. It does not matter if your firm is small or large, if it deals directly in the production of photographs or not. A hundred photos from one firm, a thousand from another, help in materials from one, finishing skills from another -- all could blend to reach a goal of distributing two pictures -- with brief, proper inscriptions -- of two immensely popular Americans to every family in Latin America.

Take up this as an Association project for 1963. Organize your resources. Contact the United States Information Agency for help. They have the means -- and should have the responsibility -- of distribution.

I am deadly serious about this. It is a "small" project, perhaps, in the eyes of some. But I think that you -- who understand the effect and power of photo displays -- will understand

the big result which is possible.



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