

National, Independent Dairy Assn

SENATOR HUMPHREY'S SPEECH BEFORE NIDA'S 7TH ANNUAL CONVENTION
APRIL 14, 1964

7th Annual

Eskil
Eskelsen
(Danish)
Same-Swede

I am here, ladies and gentlemen, to bring you good news--and
that is that the American independent businessman has a strong and

good friend in the White House--and the party which the President

and I represent is dedicated to competition, private initiative,
and the free enterprise system.

11 many years
Bridgfield
Lattman

Furthermore, the Administration is not talking a good game.

It is playing it!

President Kennedy set out to create a better climate for
business so that we would not be faced with an immediate recession.
Our country needed to modernize our industry and we moved to secure new
guidelines for depreciation of capital equipment. We also secured new
investment tax credits. Industrial leaders and businessmen from all
parts of this country were called in to discuss other moves that might
be taken to encourage the business community to move ahead. I felt
from the beginning that the first major step was to free up investment

Topcut⁻²⁻

capital and stimulate purchasing, using a major tax cut and I

shocked quite a few people when in July 1962, while in New York City

I called for such a substantial cut in taxes. I argued inside and

outside the Administration for this tax cut, when it was a bitterly

contested idea. / One idea I pressed and which I have advocated since

1958 was the need for reversing the normal and surtax rates which

would in effect give a special tax break to smaller enterprises. Well,

We passed the tax bill. And as of April 14, there are very few in this

country that will dispute the fact that business is good. Indeed, we

have had 38 straight months of unbroken business advance and what is

more, most experts are predicting this economic expansion will continue.

The pessimists of last year are embarrassed to find that profits hit a

peak of \$51.5 billion last year and are expected to reach \$56 billion

this year. Productivity is increasing and consumer income continues high.

Prosperity

It is little wonder when one notes that our gross national product is now running at \$600 billion plus, that the Morgan Guarantee Bank proclaimed recently "Confidence in the business outlook is stronger than at any time in the past four years."

∟ This confidence is being backed up by businessmen as surveys show anticipated business spending for plants and equipment at \$43 billion for this year. This is 10 percent ahead of last year.

∟ I personally feel that the impact of the tax reduction, passed just a few short weeks ago, can be read in announcements by businessmen of increased capital expenditures.

∟ Employment is at an all time high. In fact, the President recently announced that employment has reached a peak in the month of March of $68\frac{1}{2}$ million. Personal income is going up. Car loadings are up. ~~Consumer debt is rising.~~ People are earning and they are spending. Furthermore, we have ~~aid but not improved~~ *sharply reduced* our balance of payments deficits.

and at the same time

But we can have a general prosperity in which ~~an~~ important ~~and vital~~ segments of our society can be destroyed. It is not enough to have general prosperity and a high gross national product. Every year, every month, there is an increasing amount of concentration in ~~fields~~ *many* economic fields. According to the latest statistics from the Commerce Department, since 1937 the number of manufacturing establishments have declined from 332,000 to 313,000 while the population has skyrocketed. What does it mean? Economic concentration. Back in 1947, the top 200 corporations in the nation accounted for 30 percent of the value added by manufacturer. By 1958--in eleven years-- these top 200 American corporations had increased their percentage to 38 percent. That same year--1958--less than 4 percent of our corporations accounted for one-half of industrial output! I think it is fair to ask what will happen to our free enterprise system if this trend continues. The large national food chains have been having a field day. The Bureau of

Concentration

the Census will not have available the last 5 years' figures until next fall, but between 1948 and 1958 in 15 metropolitan marketing areas, food chains increased their sales from 26 percent of total food sales in these marketing areas to 44 percent of the total. By 1970 some authorities predict three-fourths of all retailing will be done by the large chains. In the last decade, 100,000 single-unit grocery firms fell by the wayside. And they are still falling. Concentration is having its effects in the dairy industry, and I found much evidence of this in the summer of 1961 when my subcommittee held 4 days of hearings on the problems besetting the dairy industry in the Twin Cities' area. The dairy industry is now exceeding \$12 billion a year. It approaches the size of the steel industry. And we appear to be less concerned about economic concentration in this vital industry than we are about the steel industry.

But the shocking fact is that in my own state of Minnesota between 1951 and 1962, we lost 50 percent of our plants processing fluid milk.

Indeed, during those same years fluid milk plants in the United

States declined by over half. Mass destruction appears to be

taking place in this great industry. The net result of this,

I am told by your own fine organization, is that 8 companies now

control 20 percent of the milk business, and 10 companies control

40 to 45 percent of the ice cream business. Lynn Paulson has told

me that your largest member company does only ~~\$15~~²⁰ million worth of

business. ~~Fifteen~~^{Twenty} million dollars may have seemed of gigantic size

50 years ago, but is literally pygmy size, compared with the one

dairy company in this country that now does \$2½ billion worth of

business every year--and the several who do over \$1 billion worth

of annual business.

~~Ladies and gentlemen,~~ I am not against big business. I have

always believed that big corporations are a source of strength and

economic vitality to our country, but I am not for bigness for

bigness' sake. Bigness is very/bad when it is used to stifle competition.

Big
Business

The free enterprise system cannot continue without the flexibility,
the dynamism and the creativeness of the independent businessman.

What worries me is whether this country is headed toward monopolistic
oligarchic control of certain segments of our economy. The Federal
Trade Commission tells me that small food retailers are dying at the
rate of 10,000 per year, and that 20 of the largest chains now have
gone from 24 percent of the food store sales in 1945 to 36 percent.

This percentage involves a shift of \$6 billion, from small retailers
to giant chains.

The seriousness of this has reached a point where President
Johnson commented upon it in his agricultural message:

"The recent changes in the marketing structure for
distribution of food are as revolutionary as those in
production. There are some 200,000 retail grocery stores, but
we know that one dollar out of every two dollars spent for
groceries go to fewer than 100 corporate, voluntary, or
cooperative chains."

Now let me make it crystal clear American society is a business
one--we are all business oriented--our way of life is the free enter-
prise system. All through the years that I have been in the United
States Senate I have consistently supported fair wages for laborers,
fair returns for farmers, and I have been an outspoken exponent of the
need for fair profits to the American businessman. Of all the places
in America today where the independent businessman is struggling for
survival it is in the food industry both at the producer processor
level, and the retail level. This fight for survival must be won.
It must be won because American communities depend upon the independent
businessmen. Our way of life depends upon competition but there is
a difference between fair competition and jungle warfare. The
independent dairyman in his fight for survival is caught between
the giant food distributors on the one hand and the giant processors on
the other. What does this mean? It means special prices, special
services, special advertising allowances and special credit advantages.
This is the jungle warfare that I speak of. If big

business wants to drive independent business to the wall with such

tactics they will change the whole complex of American life ~~and~~

~~Senator Humphrey is not one of those who advocates this.~~ This

type of competition is not super efficiency, it is vicious under-

handedness. I believe with all my heart that independent business

can survive but not without fair play in the marketplace. No

independent can survive the price competition by a giant in his

area when that giant may be making exorbitant profits 1,000 miles

away in a marketplace that no longer has an independent ^{competitor}. This

problem probably cannot be eliminated under existing legislation

as interpreted by the regulatory agencies and the courts. Therefore,

we must constantly seek new legislative methods of strengthening

the hand of the independent in his struggle for survival. One

such legislative effort, I am convinced, is to breathe new life

into the Robinson-Patman Act. Section 3 of that act was passed in

the 1930's. It has three distinct prohibitions: general price discrimination, which is essentially the same as in Section 2 of the Clayton Act; area price discrimination and sales below a reasonable price. Up until now these 3 sections, because of certain court decisions could only be enforced as criminal statutes by the Justice Department. My bill, S. 1815, not only provides for civil enforcement but also give the right to those who are injured by one of these practices to sue for treble damages in a private law suit. On July 18, 1958, I issued a report after holding hearings on the role of private antitrust enforcement. I recommended at that time what is included in this bill.

The American economy needs this bill. If you as businessmen are given the opportunity in private suits to attack sales below a reasonable price, I predict this problem will be solved years before it would be if the Federal agencies had to do it alone. This Administration knows this and both the Justice Department and the Federal Trade Commission have put a strong stamp of approval on this amendment.

-S1935

Justice

Private
Suits

It is not going to be an easy fight. Senator Hart tells me the
vote will be close in his subcommittee but he is with us and will
do his best. After his subcommittee it still must pass ~~Senator~~
^{the} Eastland's full committee, the Senate and the House. Lynn Paulson
and your officers have worked hard at this and you can be proud of
them. This Administration needs your help! America needs your
continued existence!



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