

FOR IMMEDIATE RELEASE

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Office of the White House Press Secretary

THE WHITE HOUSEFACT SHEETREPEAL OF FEDERAL LAWS WHICH PERMIT STATE FAIR TRADE LAWS

President Ford today signed H.R. 6971, the Consumer Goods Pricing Act of 1975. This repeals Federal antitrust exemptions which permit States to enact so-called "fair trade" laws.

BACKGROUND

Fair trade laws allow a manufacturer to enter into an agreement with a retailer setting the minimum price at which a "brand name" product may be sold. In reality, these laws allow manufacturers to dictate the price at which all retailers in a State may resell a product. As a result, price competition is eliminated between all retailers selling a product which has been designated as a "fair trade" item by the manufacturer.

The principle products covered by fair trade agreements are stereo components, television sets, mattresses, kitchenware, watches, jewelry, bicycles, prescription drugs, toiletries, some types of clothing, liquor, major appliances, jewelry glassware and wallpapers.

The first State fair trade law was passed in California in 1931 and 45 other States followed over the years. However, today only 21 States have fair trade laws. Since the beginning of the year, 15 States have repealed their fair trade laws.

Repeal of the fair trade laws was called for by President Ford in January, 1975 and has had the strong support of consumer groups and others who contend that these laws are in fact legalized price-fixing and impose substantial hidden costs on American consumers. In fact, a Department of Justice estimate cited in the 1969 Economic Report of the President places the cost of fair trade laws at about \$2 billion at today's prices.

HIGHLIGHTS OF THE LEGISLATION

When it became apparent that any State fair trade arrangement which applied to interstate commerce violated Federal anti-trust laws, the Miller-Tydings Act (1937) and then the McGuire Act (1952) were enacted to exempt fair trade arrangements from coverage by the antitrust laws.

H.R. 6971 simply repeals these two Federal laws exempting fair trade arrangements from the prohibitions of the antitrust laws.

REGULATORY REFORM

Elimination of the fair trade laws has been one objective of the President's program to reform regulation. This program is designed to benefit consumers by encouraging increased competition, eliminating unnecessary economic regulation and strengthening the enforcement of the antitrust laws. In addition to elimination of the fair trade laws, the President has already proposed reforms of air transportation, trucking, railroads, financial institutions and energy regulation.

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