

PGA and BALL-MAKERS CITED

Federal Trade Commission Charges Price-Fixing and Discrimination In PGA Brand Golf Balls

ON June 26 the Federal Trade commission filed complaint against the PGA and its officers and members and against the Golf Ball Manufacturers Ass'n. and its members charging illegal price fixing and price discrimination. Twenty days are allowed by the Commission for filing answers to the complaint if desired by the respondents. A hearing will be had on the charges July 30, 2 P. M. in the offices of the Federal Trade Commission at Washington.

Filing of the complaint brought out into open discussion of the fate of the PGA ball deal which has been a matter of mystery and conjecture since December 1, 1936, when the golf ball manufacturers did not renew the expiring PGA ball deal and did not consider any revision of the arrangement whereby, for several years past, there have been license arrangements made for use of the PGA brand on golf balls.

When the Robinson-Patman act went into effect in June, 1936, manufacturers' legal staffs again went over the PGA brand arrangement, deliberated, looked through books, scratched their heads and decided to play safe by doing nothing at the termination of the existing arrangement.

Somebody, however, must have led with the chin because the Federal Trade commission was brought into the matter for the investigation resulting in the filing of the complaint. Offices of the Federal Trade commission make the statement that the commission is so overloaded with work it does not go around digging up complaints.

Doubt of a very solid character is expressed that any of the golf ball manufacturers making PGA balls had anything to do with originating the complaint to the commission as the ball deal in many respects has been a sleeping dog that just grew up in the family and none of the manufacturers wanted to risk getting tough with Towser and get bitten if the sleeping dog was awakened in a mean mood.

It likewise seems inconceivable that any

pro interests, taking deliberate wise counsel among themselves and with lawyers, could think that throwing the PGA ball deal into the Federal Trade Commission would do the pro cause any good on a financial basis or a basis of public relations. Federal Trade Commission cases, especially under the comparatively recent crop of so-called "fair-trade" legislation, are as uncertain as slot-machine performance. The case goes into the chute, the crank is yanked, and it's a long time between jackpots. The odds are with the house—the house in the case of the PGA ball investigation being the Federal Trade commission.

Therefore, pro and manufacturer talk has been around the hunch that the commission investigation might have been caused by a party, or parties, who didn't realize they were fooling with something that was loaded.

Reference to the PGA financial statement for the fiscal year ending Sept. 30, 1936, shows how heavily loaded is the matter involved in the investigation. On this statement are listed items of 75 cent ball royalties for 1935 and for 1936, 50 cent ball royalties for 1936, and royalties on close-outs, for a total of 136,070.94. Judging from previous financial statements of the PGA, the ball deal, over its entire existence in one form or another, probably involves considerable money paid to the PGA and its members.

Consequently, it will be appreciated that no one wants to admit being the triggerman who killed Cock Robin. The name of the instigator of the complaint has been kept a secret to date.

A strange part of the matter is that the Federal Trade Commission 12-page complaint charges, after detailing the raps, *"the above alleged acts and things done by the parties respondent have a dangerous tendency unduly to hinder competition*



Gene Sarazen's annual trek to Eastern colleges again this year attracted big student turnouts. Gene is shown above during his demonstration at Colgate.

in the golf ball trade through the United States, and to create a monopoly thereof in the hands of respondents and constitute unfair methods of competition . . ." Pros and makers blinked and reflected as they read that. They recalled heated debates they'd had about "the stores getting the edge".

The nub of the complaint is contained in paragraph six, reading: "*The parties respondent named herein have within the past several years agreed and conspired, combined and confederated together, and with others, and have united in and pursued a common and concerted course of action and undertaking, among themselves and with others, to adopt, follow, carry out, enforce, fix and maintain throughout the United States, certain monopolistic prices, policies, sales methods and trade practices, hereinafter described, which the said parties respondent have agreed to and adhered to themselves and which they have attempted to and have, by coercion and compulsion imposed upon manufacturers, wholesalers and retail dealers who were not permitted to be or did not desire to be members of either of the respondent associations, and others, to the substantial or potential injury of some of such manufacturers, wholesalers and retail dealers and of ultimate purchasers and consumers of golf balls.*"

Copies of Complaint Available to Pros

Other references are made to patent licensing arrangements and in general the complaint reads very hefty. Pros who have been trying to figure out how to make a living, and manufacturers who have about broken even on golf ball busi-

ness, may get a copy of the complaint, which is Docket 3161, and wonder how they could manage to become so important without making some important money.

No reference is made in the complaint of the value of the educational services of the professionals who contributed liberally of their time and talents in the PROMotion campaign and other market promotion enterprises having the purpose of increasing the entire business, with the sales going to the most competent, diligent merchandiser in free competition. A legitimate return for such service possibly will be mentioned when the respondents have their say.

Thoughtful pro reaction to the release of the complaint has been concerned not only with the ball deal but with other merchandising tie-ups on the part of the PGA. The PGA is an unincorporated association, and as such, apparently, all its members are brought in as respondents.

There is confusion aroused in the statement early in the Federal Trade Commission complaint that it has "reason to believe" the respondents have violated the Robinson-Patman act, for at the PGA 1936 convention President Jacobus of the association said, in opening the sixth session, under the heading of "New Business": "This thing (the PGA ball proposals) was discussed from every conceivable angle. The Robinson-Patman bill was brought into it, and we found that it was not a violation of the Robinson-Patman bill, to pay a rebate or royalty to this association."

Later in that session Jacobus said, "I know definitely that we will not be infringing on the Robinson-Patman bill."

As a result, pros are mystified by the clash of opinion in this legal matter.