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EXTENSION OF REMARKS

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REMARKS: by Mr. Stark

DISCHARGING THE BOTTLERS' CHARITY AND SUBSIDY ACT

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1980

● Mr. STARK. Mr. Speaker, before any more of my colleagues agree to sign the discharge petition sending H.R. 3567 to the floor, I would like them to first read the editorial from Business Week's latest edition.

If the Congress insists upon awarding an exemption to the antitrust laws to the soft drink industry, something no other industry enjoys, then it ought to be done through the established processes of this body.

The effort to discharge this measure could perhaps be justified if the committee of jurisdiction was not moving expeditiously. That, however, is not the case. The Judiciary Committee has held several days of hearings and have a markup scheduled on the bill for early next month.

I would urge those of my colleagues who have chosen to sponsor this bill to wait for the Judiciary Committee to act. There is ample time left in this election year session to skin the American consumer.

[From Business Week, May 26, 1980]

SOFT DRINKS, HARD LINE

The soft drink industry usually has no trouble finding sympathy on Capitol Hill. Industry executives suggest that this is because the American public holds their product in high esteem. But it may also have something to do with the fact that there is at least one bottler in most congressional districts. The lobbying power of the bottlers explains why Congress is now debating proposals to give soft drink companies an exemption from the antitrust laws that no other industry enjoys—the right to restrict sales in a given geographic area to one, and only one, franchised distributor.

Since Coca-Cola first began selling its syrup to bottlers in the early 1900s, the industry has given each distributor a monopoly in its district. But the restrictions that manufacturers put on their franchisees have often been challenged under the antitrust laws. In 1978 the Federal Trade Commission ruled that the soft drink companies should permit competition between bottlers of the same brand.

If the FTC gets its way, the manufacturers will no longer be able to grant exclusive rights to all the sales in a district. A grocery store, for instance, that can get better prices from the distributor in the next district will be free to take its trade across the line.

The FTC ruling is being contested in the courts. But Congress is considering legislation that would give the soft drink industry special treatment.

Quite aside from the merits of the case, this is the wrong way to handle the problem. Special exemptions always raise questions of equity. And what is worse, they invite other industries to ask for the same thing.

In this case, it is hard to see why the soft drink industry needs relief. It is scarcely a struggling new industry that must offer special incentives to distributors. If competition refreshes other industries, things should go better with it in soft drinks, as well.●