

THE FICTION OF THE QUOTED PRICE

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Legislation to the end of controlling price competition has been directed both to the wholesale price and the retail price. In each instance the purpose has been to mitigate the ferocity of competition by narrowing the range of prices at which goods will sell. The basic assumption of the Robinson-Patman Act is that the deprivation of large concessions to big buyers will tend to an equalization of prices between them and "independents." The "fair trade" acts of states have sought to achieve that equalization directly with respect to branded goods; manufacturers are empowered to fix the prices at which their goods are sold by the jobber to the retailer and by the retailer to the consumer. In large part the effectiveness of such legislation depends upon the significance of the pecuniary quotation in the sale. This in turn prompts an inquiry into the nature of that economic fiction—the quoted price.

The quoted price wears the air of pecuniary exactitude. It is the sum paid for a haircut, a radio, a ham sandwich or a suit of clothes. The seller offers his ware at a price commensurate with the recovery of his costs and a profit or at a price necessary to meet competition. The prospective purchaser has the privilege of indulgence or restraint; he can buy or do without. But if he yields to the temptation, his acquisition can be made only at the specific price quoted by the seller. Thus, in theory, the charge for the commodity is clearly and pointedly stated; and the exchange, if it occurs, is consummated at the quoted price.

A variety of instrumentalities are used to make prices public. The price tag on a hat in a store window or the pasteboard carrying the price of a shelf of canned pineapple is simple and direct. The daily newspaper prints the current quotation of wheat on the exchange or the common stock of a railroad. Special sales of goods are brought to the attention of the consumer through free circulars, newspaper announcements, and invitations to preferred customers. The mail order house publishes at regular intervals catalogs which are both an advertisement of its wares and a vehicle for publicizing price. The radio administers homeopathic doses of "education" by special pleaders of industry. A telephone call will elicit information

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on refrigerators, building lots or life insurance; and call down upon the victim a corps of salesmen armed with good nature, persistence and a fluency on price. The price of things is of absorbing moment to those who have—and have not—the wherewithal to buy; and the amenities of social gossip provide a powerful medium for the spread of information. Everywhere the public is made sensitive to the particular prices of particular sellers.

These quoted prices are generally viewed as actual prices. This assumption is fundamental to much of the statistical work on price. The pecuniary quotations are frequently the only data easily available and, in providing a single index of measurement and comparison, are particularly well adapted to statistical analysis. In consequence, the quoted price is the basic material for the bulk of the tables, curves and charts of commodity prices. It has also been used for statistical compilations of a more general significance—price trends, the rise or decline of competition, and changes in the cost of living.

Yet the quoted price is often hypothetical and unreal. Numerous arrangements in the industry may relate to price but lie outside of its explicit manifestation. Nevertheless these terms have immediate reverberations upon actual price though the quoted price goes unchanged. They may be the incidence of an impetuous and uncontrolled competition; the price structure is preserved on the surface though in reality broken down through under-cover concessions. Or they may be the result of colloquial trade practice. An industry may, through sheer custom and convention, publish prices upon which deductions are regularly made or further increments of charges are added. In this manner an apparent rigidity and fixity of the price structure, as revealed in the pecuniary quotation, may cloak a constant change in price in other terms of the bargain.

The devices by which the quoted price is translated into a fiction vary from industry to industry. The size or weight of the commodity may be changed. The nickel price for a bar of chocolate has remained static through prosperity, depression and a business upturn. The accommodation to changing cost conditions has been made in size and its least visible dimension—the thickness of the bar. A loaf of bread may, so far as the eye is concerned, remain identical for several months; yet slight shavings or additions in weight have the effect of making price a variable. Clothing sizes in the cheaper price lines frequently run smaller than for more costly garments; and additional economies in material are won at the expense of inadequate seams and scanty hems.

Where goods are purchased per unit, size variations among units occasion differences in price. Ordinarily oranges and eggs are roughly sorted according to size; yet there is not complete identity of unit selling at a given price. Gradations in thickness of skin and shell make comparison difficult. Where goods themselves are so miscellaneous, each transaction is unique with its own price. Or custom may permit the inclusion of certain elements in weight which give to it something of a

fictitious character. Meats, for example, are ordinarily weighed before the bone is removed. The effect is to make price higher than the pecuniary quotation per pound. In some cases a measurement by volume is misleading. In the purchase of antiseptics the degree of concentration is of equal importance; the strength of the solution must be correlated with physical size in a judgment of price.

Even where commodities can be compared, accuracy in weights and measures is still occasionally encountered and error is not unknown. A lubricating oil survey by the American Automobile Association in 1934 indicated a rather considerable variation in pragmatic notions of a quart among gasoline service stations. But many articles are sold in package form giving no indication of quantity or weight. Minute changes in sizing constantly go on unperceived by the customer; and the uniformity of price gives him the illusion of making an identical purchase. Even where weights are designated, only the most "class-conscious consumer" takes the trouble of comparing the several brands to equate stated weight with price. If he is not a sworn devotee of an advertised brand, he may rely upon a casual glance to select the product which gives the most for the money. Many companies make use of odd-shaped containers to give the appearance of greater stature. Wine and liqueur bottles are notorious for this visual deception; long necks and concave bottoms not only appeal for their eccentricity; they give the illusion of greater volume. Some deceptions are more obvious. The box of stationery turns out to have a false bottom; the large box of tooth paste yields an under-sized tube; the bargain in canned peas is discovered to be water. More ingenious is "balloon bread" sold in some cities. Its printed weight is identical with that of smaller loaves; yet its "puffed-up" size gives it an immediate appeal to consumers who must pinch their pennies in the purchase of necessities.

The miscellany of size also adds confusion. The face lotion counter of a five-and-ten turned up the following: a 2 ounce jar selling for \$.35; two \$.25 brands, one containing 1.1 ounces and the other unindicated; two \$.20 brands, one containing 3 ounces and another unspecified; eight \$.10 offerings of which two contained 4 ounces, two were 2 ounces, two more were $\frac{7}{8}$ and $\frac{5}{8}$ ounces respectively, another carried no indication and the eighth was $4\frac{1}{2}$ fluid drams. A chain grocery marketed canned peas at a variety of sizes and prices. One size—1 lb. 4 oz.—sold at three prices; \$.19, \$.14, and \$.10. A 1 lb. 1 oz. can sold at \$.17; the 1 lb. sizes sold two for \$.25 and two for \$.35; and an 11 oz. and $10\frac{1}{2}$ oz. can cost \$.12 and \$.08. Here the multiplication of items makes difficult the application of a criterion of judgment.

Nor is the identity of the commodity proof against the shock of the market. Shoe manufacturers construct their product to retail at particular prices—\$2.95, \$3.95, \$5.85, \$12.50. Women's dresses are marketed at distinct price lines—\$6.75, \$10.75, \$16.95, \$19.75, \$22.50. These price categories may remain relatively unchanged for months or even years. In this instance costs are adapted to allow marketing at these prices. The quality of the materials, the processes used, and the care in workman-

ship are selected in terms of the price at which the good is to be sold. The maintenance of a uniform price is at the cost of basic changes in the commodity.

In time these changes may so alter its character that it is a new product. A price curve of women's stockings, a railroad trip, or a permanent wave over a twenty year period incorporates a number of different commodities. The generic name remains the same; the pecuniary quotations are comparable; it is the thing which has changed. The technological improvements in the automobile make price comparisons of 1917 and 1937 models meaningless. Radical changes in style have similar consequences. By a series of adaptations masculine underwear was shortened from ankle to knee length and then was later abbreviated into the "short." Women's "intimate" garments have been equally revolutionized. An index of the prices of "slips" over four or five decades would have little purpose; the materials, the design and even the function has undergone change.

A quoted price presumes a distinct quality. One copy of *Gone with the Wind* is substantially like another; though even here some buyers draw sharp distinctions between a first and a later edition. A half dozen packages of Camel cigarettes are virtually identical—at least for short intervals. In such cases the ware of trade can be clearly identified, and prices can be compared. But a quoted price for books, cigarettes, automobiles or medical service has less meaning. The individual commodities are so dissimilar that the generic term gives little indication of the ware. In consequence, it is difficult to correlate quality with price. A popular novel cannot be compared with *The American Language*; nor is a current Ford strictly comparable with a Plymouth or a Chevrolet although they are in the same price range. Thus the consumer is faced with a number of unique items selling at separate prices.

The quoted price must effect a compromise between quality and its explicit recognition in the market. "Consumer acceptance" is a powerful determinant of the price at which a good can be sold; and this is a product of advertising rather than of difference in quality. In New York City, for example, all Grade B pasteurized milk must meet the same farm inspection requirements and city regulations. The result is a virtually identical product. Nevertheless a slight differential prevails between advertised and unadvertised brands; and recently won the approval of the United States Supreme Court in the name of competition.¹ According to the Federal Trade Commission, there was no superiority of the advertised Goodyear tire over the All-State brand manufactured by the same company for Sears Roebuck. Nevertheless the private brand customarily sold at a 25% differential below the acknowledged Goodyear product. Popular prejudices are also important in the pricing process. In the North dyed oranges command a better price because their artificial color connotes ripeness. In New York City white eggs are regarded as superior to brown eggs; and in New England the opposite notion has currency. Price differentials vary accordingly. Here a hypothetical superiority gets itself expressed in the quotation and further widens the gulf between quality and price.

¹ *Borden's Farm Products Co. v. Ten Eyck*, 297 U. S. 251 (1936).

The word "quality" is itself a name for a miscellany of particulars. The things that are wanted from a commodity are often numerous and conflicting; and the emphasis by consumers falls at different points along the scale. The automobile must conform to current notions of style and beauty; it must have comfort; it must lend prestige; it must give transportation service; it must be relatively economical to operate. Automobile manufacturers have to strike a balance among these different and even contradictory wants to secure the largest number of sales. Even a simple item like silk stockings presents a study in opposition. Here is a woman who wants sheerness; here is another who wants durability. The majority want something of both plus satisfactory fit and the latest in spring shades. The result is that a standard of superiority is not easily applicable in the market. Theoretically, a high grade shoe is one of good leather and careful workmanship. But a style shoe, largely of paper construction, may—if the price is low enough—be preferable; wearing quality is less important than suitability to an ephemeral costume. This practical necessity for an individual arbitration of contradictory wants gives to each commodity a distinctive grade and a distinctive price.

Moreover, most grades which are established are based upon physical measurements. Yet the important test is the commodity in use. Here the quoted price is frequently the only unifying element in an assortment of heterogeneity. A 60 octane gasoline in a five year old automobile and the latest model is chemically identical; but the results obtained from the fuel will be quite different. The older car can give satisfactory service on this low octane; for an equivalent performance in the newer vehicle a higher octane is necessary. The pecuniary identity of the transaction does not coincide with the actual use of the good. Nor do standard units from an assembly line give anything like uniform service. Refrigerators, typewriters, radios show a wide variability in performance. One domestic oil burner will operate for years within a minimum of care and repairs; another through some obscure defect in its collection of parts will require constant attention. Recurrent breakdowns and the costs of repair cannot be taken into account in the quoted price. But they make for wide differences in the actual prices of goods.

In any purchase there are a variety of terms which vitally affect price but are not caught up in the pecuniary transaction. Most obvious is the discount. Correspondence schools sometimes use the quoted price as a mere bid for business without any expectation that their goods will find a market at that price. The first letter carries the preliminary asking price; the follow-up offers the special inducement of a lower rate for a limited period. This quotation may be 30% or 40% less than the original price. If this appeal also goes unheeded, another discount may be offered to secure missionaries in that "territory." Some hat stores in New York City use the quoted price as the point of departure for bargaining. A conference customarily follows with the buyer as to what she is willing to pay; and the sale is effected by splitting the difference. In industries that are very competitive, a legiti-

mate discount for volume may turn into a price-cutting device. Gasoline service stations have engaged in the practice of granting "courtesy cards" to customers whose volume is particularly attractive. Later they are mailed to everyone in the telephone directory. During the early 'thirties when the tire market was demoralized, tire dealers regularly sold at the quoted price minus the discount necessary to secure the business. In return they recouped from manufacturers whose "net billing list" became a maze of concessions—discounts for volume, discounts for cash, discounts for special sales, discounts to meet competition. As many as ten discounts were constructed upon a single tire. The quoted price was a fiction through the whole industry from manufacturer to consumer.

A quotation may represent a cash price or a credit price. The purchaser of electricity secures the ware for cash only; if his monthly bill is not settled within a short period—usually twenty days—he incurs a "surcharge." The acquisition of a diamond ring or a suit of furniture "on time" is generally accompanied by an interest charge. For other products the price normally quoted includes as one of its items the cost of carrying accounts; and the payment of cash yields some concessions. The buyer of a second-hand piano or automobile may secure large deductions on the quoted price if he can flourish cash or check-book. Real estate prospects fall into two distinct categories—those who can make a heavy down payment and those who wish to amortize over a long period. The method of payment may make a sizeable difference in the prices quoted.

In some instances the quoted price represents both the cash and the credit price. The fees for a university education are the same whether the buyer pays at once or spreads the payments over or beyond the semester. A visit to the dentist or a few hours' shopping in a department store can be squared at the end of the day, the month or six months; and the cost of the goods remains identical. Local grocery stores have been known to extend credit for years; the treatment of such customers may be less civil; but in the end they pay no more than the cash customers. Here the quoted price cloaks a diversified service to customers. Some are simply buying a good; others are buying the use of money as well as the commodity. The credit charge is hidden in a general price, and all buyers are taxed whether or not they make use of the privilege.

Dividends are also an instrument for modifying the quoted price. The co-operative assesses the full market price and then returns a part at the end of the year. The precise deduction on a commodity cannot be calculated since dividends are usually dispensed on the basis of dollar volume after all expenses for doing business have been subtracted. Some gasoline cooperatives may make their differentials explicit—perhaps two cents on the posted price—though this too is paid in a lump sum when the calendar year has ended. A "D.A." account at Macy's entitles the shopper to a percentage dividend on total purchases. The dividend has two distinct advantages. It lends to the company the air of maintaining a price structure

since its prices compare with those of competitors. It also brings a regular trade to the store by those buyers who are sensitive to the fictitious character of the quoted price.

A premium represents an added value over and above the pecuniary exaction for a good. A year's subscription to a Washington newspaper carries with it the gift of a set of "Dickens' Works." The collection of enough certificates with the purchase of cigars or cigarettes entitles one eventually to a cowboy suit, a brooch or a set of dishes. A large drug chain is currently offering "this amazingly simple 'Put-A-Penny' Plan"; with every \$.15 purchase the customer receives a coupon; the requisite number of these plus pennies will yield a set of plated silverware. Frequently commodities are combined and offered at a price below the sum of the quoted prices for each. Sears Roebuck is said to have initiated the practice of selling tires in pairs and accompanying the purchase with a free tube. It is a common practice to combine magazines and sell subscriptions at a special rate. Razor blades are frequently offered in conjunction with a holder; these combinations may be sold at a loss in the expectation of recouping on future sales of blades. It is difficult to assess the value of these bargains since the goods are sometimes manufactured especially for sales purposes and are not in quality comparable with the regular brand. Their pecuniary worth is reckoned rather differently by the store and the consumer. One thinks in terms of wholesale prices; the other in terms of the prices charged for the commodity in another retail store. In consequence, a premium may constitute for the ultimate purchaser a rather considerable deduction on the quoted price.

A guaranty is an indirect way of varying the price of a commodity. A popular brand of refrigerator carries "unconditional" protection for a year and a five year warranty on the mechanism for ice-making. Another advertises a one and ten year combination; but the guaranty covers replacement only of certain parts—frequently those least likely to break. A used refrigerator, selling very cheaply, may carry no guaranty at all. Packard automobiles in the \$3000 class carry a servicing arrangement which is not available in the purchase of ordinary cars. For a year after the sale the dealer is pledged to make free replacements of particular parts specified in the contract. This service, incidentally, constitutes a deduction on the dealer's commission for the sale. Thus there are great gradations in the risk shared by buyer and seller. It is possible to calculate the average costs for servicing a commodity under a guaranty; yet the individual cost may be quite variable. The result is a multiple price structure for supposedly identical units selling at a single price.

Another important term in the bargain is the privilege of returning unwanted articles. The woman shopper who finds that a newly acquired article of apparel clashes with her wardrobe may incur a total loss on the purchase if she cannot return it. The practices of sellers on "returns" is very unstandardized. One portrait painter who finds his ware unacceptable to his patron will nevertheless charge his full price; another will refuse to make the sale and will take the loss himself. Some shops

will allow returns within a few days and give cash. Others will give only a refund slip despite the cash preference of the customer. Still others make concessions merely to credit customers—sometimes only on the threat of a refusal to pay the bill. The cost of returns frequently involves more than the original price of the commodity; the time and irritation in effecting an unwilling adjustment cannot be measured in pecuniary terms.

Price deductions are granted through trade-in allowances on used goods. The usage originated on goods which still possessed utility but—due to mechanical or style obsolescence—had become unsatisfactory and were turned in for a new product. The automobile is the classic example. For the majority of buyers today the cost of a new automobile is not the quoted price but the f.o.b. Detroit price plus a succession of charges and minus the excess allowance on the old car. Consumers have been known to enter the market and purchase pieces of automotive junk simply for trading purposes. There are even cases in which dealers have presented ancient hacks to customers and then bought them back through a trade-in concession. Radio stores offer a \$25 allowance on a used radio—sight unseen—in the purchase of a new \$80 model. Tire competition is so keen that casings, shorn of rubber and fit only for the junk market, are fiercely bid for among sellers to the end of effecting a sale of a new tire. This form of price-cutting is almost impossible to control. Trade-in allowances cannot be fixed by year and model to give fairness to all customers; age is not an adequate criterion of the condition of the ware. Yet uncontrolled they become an instrument for vicious and under-cover demoralization of the price structure.

Prices can also be manipulated through changing the classifications of goods or customers. Some commodities, such as fertilizer and paper, contain an infinitude of grades; it is easy for the seller to shift a quotation to another grade in the cause of special customer satisfaction and future contracts. Another device is to give the semblance of difference, thus requiring a special quotation. In some cities pasteurized milk in an ordinary bottle commands one price; the same commodity in a fancy bottle with a fancy name is sold at a differential. Where the commodity is built to order, goods cannot be thrown into grades; and the complex structure of prices may cloak price concessions to particular customers. The services of a physician, for example, cannot be classified for rate purposes. The \$3.00 office fee covers a commodity unique for each customer; and, moreover, many physicians consciously suit their charges to what the traffic will bear.

A multiple classification of customers has the same effect. An NRA study of open price filing in the electrical manufacturing industry disclosed a hierarchy of industrial accounts. The prices in vogue had grown out of individual bargaining with each customer; a difficult prospect had been won by creating a new customer class or redefining an old one in such a way as to give him a better price. Here was a quoted price which served as a base for various differential discounts computed according to a complex stratification of customers. The significant changes in price

occurred not in the pecuniary quotation but in a revision of accounts. The electrical power industry engages in similar practices. Here the fundamental division is between domestic and commercial consumers; but there are an infinitude of subdivisions within these categories. Rural and city consumers may pay different rates; and frequently there is a further classification based on the number of electrical appliances used. Power for lighting is subject to one rate; the ownership of a refrigerator entitles one to another; the possession of a range or water heater evokes still different rates. Prices charged large consumers—stores, factories, public authorities—are even more heterogeneous. In this case the quoted price is merely a hypothetical norm upon which is strung a majority of exceptions.

A quoted price may or may not include transportation. During the war and up until 1928 newsprint prices were quoted f.o.b. mill; the publisher paid the freight. Prices subsequently fell—and fell more than the difference indicated in the quoted prices. Quotations were now for delivery—whether to New York, Dallas or San Francisco. Since the paper company absorbed the costs of transportation, the actual price varied from customer to customer depending upon location. Some department stores charge for shipping goods out-of-town whatever the size of the purchase. Others do not charge if the shipping expense does not exceed what the store estimates to be its delivery cost by truck to points within the city. Still others absorb the freight costs if the purchase is of a sizeable amount. In some industries the transportation charge is itself based upon a fiction. Milk producers in the Philadelphia milkshed are assessed less-than-carload rail rates for their produce shipped for fluid purposes. Actually much of the milk is shipped by truck; and some of it is sent to a factory located near the country plant and never reaches the city. The basing point system in cement or iron and steel is also based upon a philosophy of as-if. A shipping charge is constructed upon a hypothetical manner or point of shipment; and the effect is to make a wide disparity between actual cost for the shipper and the rates charged.

Some goods are subject to a heavy build-up of charges on the quoted price. The f.o.b. Detroit quotation on a new automobile generally represents about two-thirds of the actual price. A rail freight charge for the assembled car is assessed though it may be shipped by water or truck, or carried as parts and later assembled at a nearby branch plant. Here the freight charge is itself fictitious and is an instrument for increasing the manufacturer's return beyond his quoted price. Most cars are purchased on account which adds two further elements—insurance and interest—to the price. And for some the quotation does not include accessories which are regarded as the normal equipment of the automobile. The buyer who desires the car on which the price is quoted—minus the accessories—must wait until a special order is put through the factory.² In some industries extra charges are not mandatory;

² It is a curious fact that consumers generally think in terms of quoted price despite a knowledge of the other charges that will be added. Down payments also seem to have much greater importance than the size and length of the pecuniary toll over the months.

yet they are so embedded in custom that no purchaser would think of acquiring the ware without making the additional payment. A restaurant meal is advertised for \$.50 or \$.75; there is no legal compulsion to pay for the service; yet a tip to the waiter is accepted as a part of the cost for the meal. This practice is so established that returns on tips are taken into account in wage payments by employers.

Other competitive practices may shave down the quoted price. During the NRA advertising allowances were a source of industrial discord. Sales of goods to retail stores were frequently at a price concession to cover the costs of window displays and other forms of store advertising. Undoubtedly in some cases this service was performed; but there was no attempt to correlate cost and price concession; and the advertising allowance came to be used as a price-cutting device among manufacturers. Another form of deduction is the "p.m." practice. Some razor blade manufacturers regularly pay "push money" directly to clerks for pushing their wares. In this case neither the customer nor the drugstore benefits; the difference between the manufacturer's actual and quoted price is pocketed by an employee of the retail store. More subtle—and virtually impossible to control—is the wide practice of giving personal gifts to the buyer. The relation of a Christmas remembrance—of some pecuniary size—to a recent contract can never be clear-cut; nor can the wining and dining of a prospective customer even if the cost goes into the incidental expense account of the business. The poker game in the evening may reflect the happy social relation between buyer and seller; or it may be a device, unexpressed but understood between the two parties, for returning a part of the purchase price to the buyer.

Or special services may accompany the sale of the commodity. The palatial filling station and its galaxy of free services is, in part, a substitute for price-cutting; outright price concessions are quick to bring on devastating price wars. A controlled high price would undoubtedly evoke an orgy of greater free servicing and price concessions in greasing and repair jobs which would be nothing more than a veiled deduction on the gasoline charges. At one time the railroads could manipulate prices by varying the services they offered. Special switching or loading and unloading services might be charged separately or included in the freight rate. Under government regulation this form of competition has been ended and the service offered is standardized; but it has been taken over by a keen competitor—the automobile truck. Detection of this form of price concession requires a minute regulation of the industry; and implies a standardization of practice among companies almost impossible to imagine. The long run effects might be to hamper ingenuity in effecting economies and to stultify industrial progress.

The quoted price can summarize only the pecuniary terms of the bargain; yet these may not be a full comprehension of the transaction. The cash-and-carry store sells milk a cent or two cheaper than the price for home delivery; the consumer assumes a part of the freight service himself. The woman buyer preoccupied by a

shopping that is never done cannot translate the time and energy spent into the language of pecuniary symbols; nor the evenings devoted to adapting a ready-made garment to the idiosyncracies of a particular figure. But these items are a significant cost in the purchase of a new dress. Some customers account the interminable sales talk which accompanies the purchase of an insurance policy or a vacuum cleaner as a welcome escape from domestic chores; others regard it as an extra expense which would have a high pecuniary value. The acquisition of a new house on the instalment plan puts a limitation on future expenditures and the direction they may take. In a multitude of ways the consumer is subject to non-pecuniary exactions in the purchase of a commodity.

The use of a commodity may be tied up with another service which must be paid for. What is wanted from an electric iron or toaster is not ornament but function; and the exercise of that function is connected with another purchase—electric power. A radio in use presumes the broadcasting of programs; the cost for these is unrelated to the instrument and is obscurely lost in the prices of goods advertised. The demand for an automobile is the demand for a car going down the highway. The cost for this service includes not only the automobile but gasoline, tire replacement, license plates, usually insurance, as well as depreciation and repairs. Measured in terms of function, the quoted price for a ware is simply one of several charges for goods and services enlisted in its consumption.

Thus the quoted price is vulnerable at several points. A discount may take the form of a direct pecuniary concession for volume. Or it may appear as a trade-in allowance, a loss in a poker game, a dividend, or a premium for continued business. Less obvious are the ancillary terms of the bargain which have an intimate, though not a direct, relation to price. A regulation of prices might direct competition in these non-pecuniary channels. Long and comprehensive guarantees might be granted; easy credit terms would be evocative of business; a host of free "special" and "extra special" services—difficult of transliteration into pecuniary terms—might be run upon a sale.

Or the quoted price may be changed through variations in the character of the commodity. A quotation is for a particular size and a particular quality. Yet the very heterogeneity of goods in the market place makes comparison difficult; and sellers are adept at giving the appearance of uniqueness to their wares. A quality is an attribute of the market as well as a measurement of physical characteristics. The incidence of persistent advertising is to build up "consumer acceptance" at a price irrespective of quality; and the criteria used by buyers for spotting values may be sheer prejudice. Moreover, a quality is rarely clear-cut—either in the market or in the minds of consumers. Under a complex marketing structure a single commodity may be differently packaged and sold at a variety of prices; or a multitude of grades may be given an apparent uniformity through an identity of price. The things that are wanted from a product are many and conflicting; and buyers lay

stress at different points along the scale of values. And if the final test of a commodity is use, the confusion is even greater. The quoted price becomes merely a point of departure in the array of terms in fact integral to the bargain.

All of this is in the nature of background to the phenomenon of price. Yet it throws in sharp relief the problems faced in regulation of competition. The "fair trade" acts of the states may serve their avowed purpose of maintaining resale prices. Or they may stimulate the sale of private brands whose prices down the line of wholesaler and retailer are not fixed by the manufacturer. In that case the regulation will collapse; or it will evoke a competition in areas other than price by manufacturers who desire the protection of resale price maintenance. A steady bombardment of advertising will have the effect of giving the illusion of superior quality for branded products and will carry sales regardless of the price differential. Or a number of auxiliary services—free delivery, the aroma of prestige, generous credit terms—will become the outposts of competition; and the quoted price will be maintained at the cost of a breakdown in the non-pecuniary terms of the bargain.

The devices for converting the quoted price into a fiction in the retail sale have their counterparts in the wholesale transaction. In the Robinson-Patman Act an effort is made to regulate competition through control of the pecuniary discount. But methods of concession-making—which cannot be isolated from the pecuniary transaction—are to be found everywhere in the complex tangle of trade practices; and a limitation on the discount may give a new direction to the competitive struggle for contracts from large buyers. The Act outlaws price discrimination. But the line between a fair and an excessive price concession—through a discount for volume, an advertising allowance, a customer classification—must be groped for tediously and uncertainly along an array of possible percentages; and the inquirer will find no one of the array of possible concessions standing as a phenomenon in isolation. On the contrary each will be buttressed by jerry-built, confusing and frequently illogical arrangements traditional to the conduct of the affairs of the individual industry. The complexities of the problem are enhanced further by the miscellany of market goods. A slight modification of the commodity, a distinctive form of packaging, the attraction of a familiar brand name makes—in the market—a new grade or quality. In consequence, transactions do not possess the requisite identity for comparisons of price or price concessions.

In a dynamic industrial structure it is impossible to chart the incidence of these experiments in control of competition. But a regulation of the pricing process must be addressed to the current necessities; it must take account of the multitude of arrangements—outside the pecuniary quotation—which are fundamental to the transaction. A survey of the fictitious nature of the quoted price merely sets the stage for a view of the problem of control.