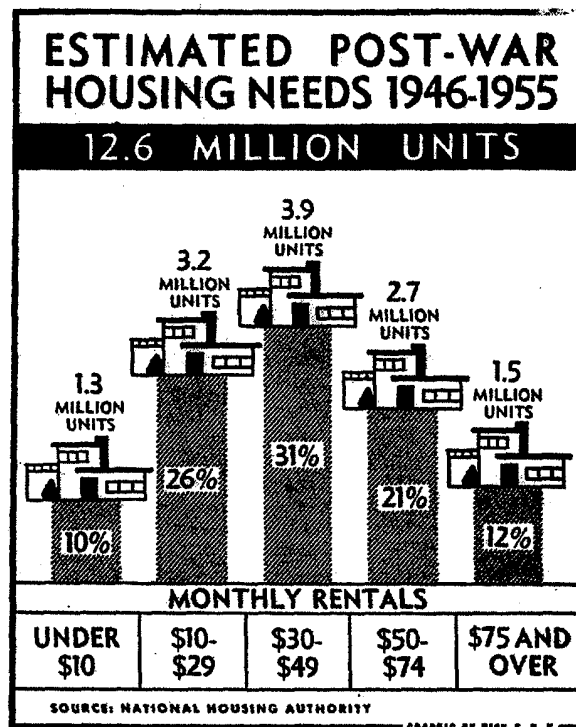


...because of his tremendous super-structure."



America's housing needs have now reached almost fantastic proportions. One man who is well along the way with plans to tap this market is Foster Gunnison, sponsor of low-cost prefabricated homes. Read about his project on page 35.

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The Basing Point Decision

ONE OF THE HOTTEST TOPICS in Washington today is the recent Supreme Court decision on basing points which gave a sweeping victory to the Federal Trade Commission in the cases against the A. E. Staley Manufacturing Co. and the Corn Products Refining Co. The decision was that all basing point systems are illegal where they result in price discrimination between competitive buyers, and it is almost certain that use of a zone delivered price system will also be outlawed.

This may make it necessary for many sellers to re-shuffle their sales territories, and for many buyers to search out new sources of supplies. There is little doubt that the FTC will try to get the courts to use the basing point decision to enforce sellers to eliminate "phantom" freight charges and use only an f.o.b. method of computing delivery costs. The decision on the ~~National Lead case~~ now pending before FTC will indicate the trend.

Close observers of the Washington scene believe that FTC will prosecute mainly where the actual and nominal shipping points are so far apart as to affect materially delivered prices or the relative positions of competing buyers. Furthermore, sellers may be able to keep on with the basing point system despite the Supreme Court ruling if one or more of the following tests are met:

The seller is located so near to a basing point that freight differentials are very slight; the seller is willing to sell on an f.o.b. basis whenever the buyer requests it; the seller's customers are not in competition with each other; the seller maintains a uniform delivered price at all points of delivery; the seller absorbs freight charges because his factory price plus freight would otherwise be higher than his competitors' prices.

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Mr. Rowe

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