

Digest for Retailers

HOW TO SET CEILING PRICES *for* MEN'S AND BOYS' TAILORED GARMENTS

Governed by
Maximum Price Regulation No. 177

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Retail Trade and Services Division
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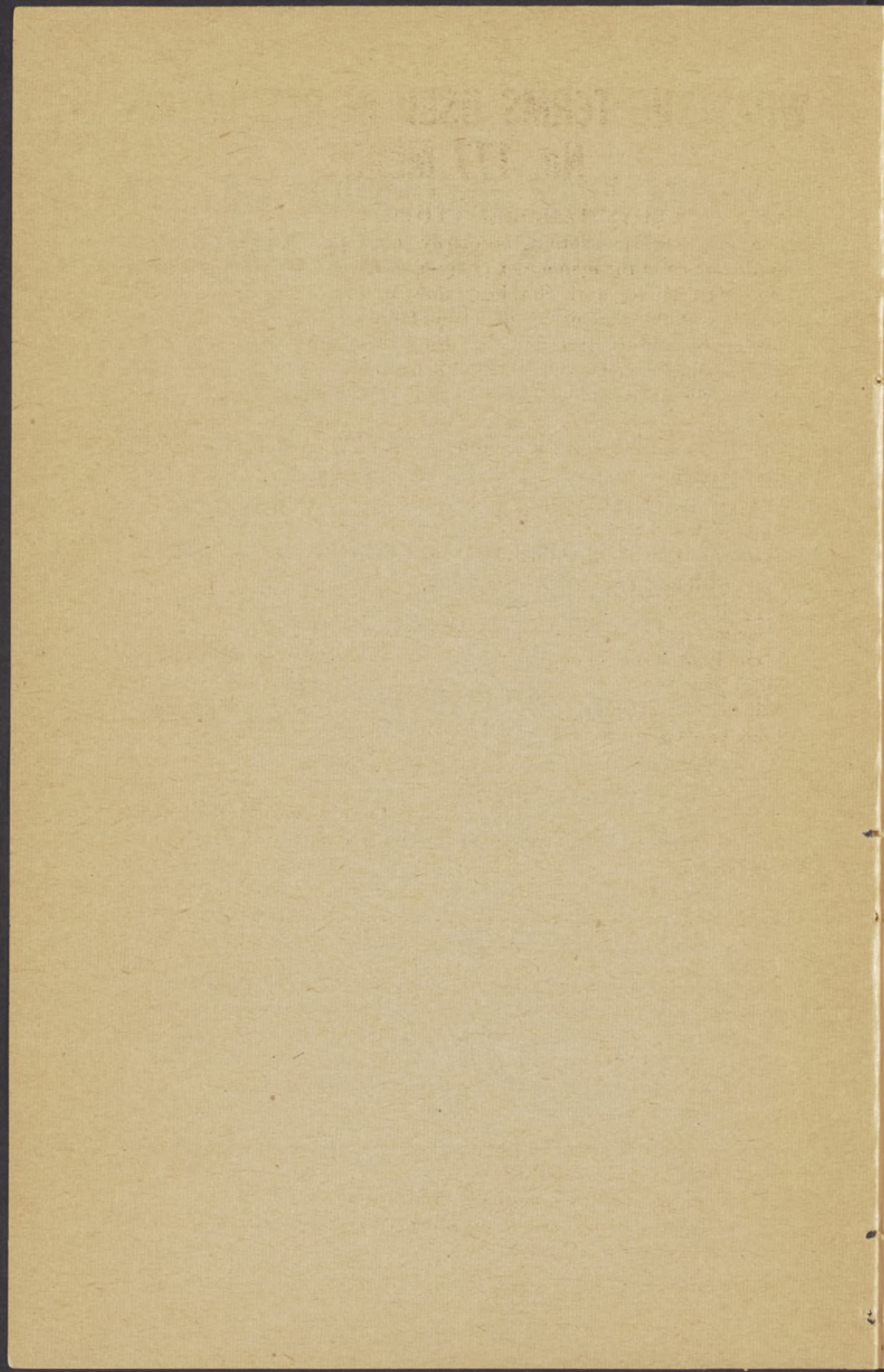
MAXIMUM PRICE REGULATION No. 177 MEN'S AND BOYS' TAILORED GARMENTS

was issued on July 6 and became effective July 11, 1942. It removed men's and boys' tailored garments from the General Maximum Price Regulation and set up separate methods whereby retailers, wholesalers, and manufacturers could determine their maximum prices.

THIS DIGEST tells retailers how to find the ceiling prices for:

READY-MADE SUITS, SEPARATE COATS, PANTS, AND VESTS.....	See pp. 3 and 4
READY-MADE TOPCOATS AND OVERCOATS.....	See pp. 5 and 6
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This digest covers only the pricing provisions of this Regulation. For information on the other requirements of the Regulation, such as posting of prices, filing of ceiling prices, adjustments, and so on, obtain a copy of Maximum Price Regulation No. 177 from your trade association or nearest OPA office.



WHAT THE TERMS USED IN REGULATION No. 177 MEAN

MEN'S AND BOYS' TAILORED CLOTHING to which this Regulation applies, means clothing ordinarily so known, which is cut, made, and trimmed in the manner generally used for business and dress clothing, and excludes work clothing, rainwear, furnishings or haberdashery, and clothing made of all-cotton fabrics of the following types: corduroys, denims, coverts, jeans, drills, cottonades, whipcords, mole-skins, poplins, and twills. The Regulation covers garments which are "ready-made," and "made to measure," or "tailored to the trade"; the latter terms include garments which are "merchant-tailored" and "custom-tailored" and all clothing manufactured to individual measurements.

TYPES OF CLOTHING included in this Regulation are:

Suits with short pants

Suits with knicker or golf pants

Suits with long pants, and suits with breeches

Separate coats, including sport coats, sack coats, and blouses made in the manner commonly used for coats

Short pants

Knicker or golf pants

Long pants and breeches

Separate vests

Ceremonial and religious vestments

Referred to as "suits, separate coats, pants, and vests" in this summary

A "topcoat" is any coat commonly known as a topcoat or overcoat, reversible (of which the outer shell is made of part or all wool fabric), fingertip, cape, or detachable lined coat, made of a fabric weighing not more than 22 ounces a yard, computed on a 54 inch width basis.

An "overcoat" is any coat commonly known as an overcoat, topcoat, reversible (of which the outer shell is made of part or all wool fabric), fingertip, cape, or detachable lined coat made of fabric weighing more than 22 ounces a yard, computed on a 54 inch width basis.

STYLES FOR AGE GROUPS SHALL BE THE STYLES COMMONLY KNOWN AS:

Juvenile or junior, sizes 2 through 12.

Knicker, sizes 6 through 16.

Cadet, sizes 10 through 18.

Prep, sizes 14 through 22.

Student, sizes 32 through 40.

Men's and young men's, normally graded from size 36.

(These styles shall not exclude any other size groups, sometimes included in the age groups above.)

FABRIC WEIGHTS do not affect topcoats and overcoats. For all other garments fabric weights are divided into two classes shown below:

"Tropical weight"—which means any fabric weighing not more than 11 ounces per yard computed on a 54-inch width basis, or any summer washable fabric of any weight.

"Non-Tropical weight"—includes all other fabrics.

GARMENTS ARE IN THE SAME CLASSIFICATION when they are the **SAME TYPE** (long pants suit, short pants suit, or separate vest), when styled for the **SAME AGE GROUP** (as men's, students', or juvenile age groups), and are made of **FABRIC OF THE SAME WEIGHT CLASS** (tropical weight or non-tropical weight).

GARMENTS ARE SIMILAR when they meet these tests:

1. They are in the same classification—of same type, style, and fabric weight.
 2. They have the same use.
 3. They are made with equivalent workmanship.
 4. They contain materials and trimmings which are of the same type and quality, and would ordinarily sell at substantially the same price.
- In determining sameness or similarity of garments, sellers are reminded that differences merely in design or color and differences owing to conservation necessitated by WPB requirements in order M-73A (but not L-85), are to be disregarded, except that one-pants suits are not to be considered similar to two-pants suits. A double-breasted suit without a vest may be considered similar to a double-breasted suit sold with a vest in March 1942 or earlier.

HIGHEST PRICE CHARGED BY A RETAILER means the highest price at which he delivered a garment during any base period to a purchaser of the same class, or (if no garment was delivered) his highest offering price for delivery during the applicable base period.

REPLACEMENT COST AND CURRENT COST, in the case of a retailer who does not manufacture the garment, mean the maximum price which he would be allowed to pay for the garment under this Regulation when bought from his customary sources of supply upon his customary terms.

In the case of a seller who manufactures a garment including retail tailors who make garments to measure, replacement cost and current cost mean the sum of allowable maximum prices on and after July 11, 1942 for materials and trimmings, and the amounts paid for direct labor. Labor costs are computed on the basis of wage rates which had been agreed upon prior to April 28.

PRICE AT WHICH A GARMENT IS OFFERED OR DELIVERED is the price at which the garment was offered, or delivered by a retailer to a purchaser of the same class, and subject to all the customary discounts and allowances for that class.

RETAIL PRICES FOR READY-MADE SUITS, SEPARATE COATS, PANTS, AND VESTS

1. IF YOU SOLD THE SAME GARMENT DURING MARCH 1942: *Then your ceiling price is the highest price you charged during March 1942.*
- 1a. IF YOU DID NOT SELL THE SAME BUT SOLD SIMILAR GARMENTS DURING MARCH 1942: *Then your ceiling price is the highest price you charged in March 1942 for the similar garment most nearly like it.*
2. IF YOU DID NOT SELL THE SAME OR SIMILAR GARMENTS DURING MARCH 1942: *Then your ceiling price is the highest price which your most closely competitive store of the same class charged for the same or similar garments in March 1942.*
3. IF NEITHER YOU NOR ANY COMPETITIVE STORE OF THE SAME CLASS DEALT IN THESE GARMENTS IN MARCH 1942: *Use this formula to establish your ceiling price:*
 - (a) Choose the garment in the same classification and price range which was your largest seller in March 1942, and which you have already priced under 1, or 2, above.
("Same classification" must be determined by these three tests: same type, same style for age group, and same fabric weight class.)
 - (b) Divide its ceiling price by its replacement cost.
("Replacement cost" means the ceiling price on or after July 11, 1942 which the retailer is or would be allowed to pay for the garment used as a basis of comparison when purchasing it from his customary sources of supply on his customary terms, and no price lower than such ceiling price may be used.)
 - (c) Multiply the percentage result by the replacement cost of the new garment.
("Replacement cost" is defined as in paragraph (b).)

EXAMPLE:

A retailer wishes to determine his ceiling price on a tweed sport coat costing \$16 (his suppliers' ceiling). Neither he nor any of his close competitors sold a coat of this grade during March.

The first step is to select another garment of the same classification and price range which he did sell in March. The retailer sold two styles of sport coats costing about \$10, and two costing about \$17. The latter are in the price range of the new number, so the retailer

selects the one of which he sold the most. It is, let us suppose, the gabardine which now costs him \$17.25 (his suppliers' ceiling), and he has already determined its ceiling price to be \$28.50.

The second step is to divide the maximum price of this gabardine which he has selected by its cost: \$28.50 divided by \$17.25 gives a percentage of 165%.

The third step is to multiply the cost of the new tweed sport coat by this percentage: 165% of \$16.00 is \$26.40. This is the ceiling price of the new tweed coat.

Regardless of the pricing method you may use to establish your ceiling prices, you must not add new price lines higher than those of March 1942 for garments of the same classification.

For example, suppose your highest priced nontropical weight men's suit sold for \$50.00. Even if you arrive at a ceiling price of \$57.00 for a particular garment by using the formula in (3) above, your ceiling price for the garment will be \$50.00.

(If you bought goods before July 11 which you cannot sell at this price, you may file a petition and seek special permission for a higher price line.)

RETAIL PRICES FOR READY-MADE TOPCOATS AND OVERCOATS

(Do Not Use March 1942 Prices as Base)

1. IF YOU SOLD THE SAME GARMENT DURING SEPTEMBER, OCTOBER, NOVEMBER, 1941: *Then your ceiling price is the highest price you charged for the garment in September, October, November, 1941, plus 14% of the first \$50 and 8% of that part of the price in excess of \$50.*

EXAMPLE:

An overcoat of the same classification as now offered for sale, sold last November, at its highest price, for \$60.

Its ceiling price now is the base period price.....	\$60.00
plus	
14% of the first \$50.....	7.00
plus	
8% of the remainder.....	0.80

Total ceiling price is..... \$67.80

- 1a. IF YOU DID NOT SELL THE SAME GARMENT BUT SOLD SIMILAR GARMENTS IN SEPTEMBER, OCTOBER, NOVEMBER, 1941: *Then your ceiling price is the highest price you charged for the similar garment most nearly like it, plus the allowed percentage additions in 1.*
2. IF YOU DID NOT SELL THE SAME OR SIMILAR GARMENTS IN SEPTEMBER, OCTOBER, NOVEMBER, 1941: *Then your ceiling price is the highest price charged by your most closely competitive store of the same class in September, October, November, 1941, plus the allowed percentage additions in 1.*
3. IF NEITHER YOU NOR ANY COMPETITIVE STORE OF THE SAME CLASS DEALT IN THE SAME OR SIMILAR GARMENT IN SEPTEMBER, OCTOBER, NOVEMBER 1941: *Then your ceiling price is established by using the formula which follows: (A typical example of this situation would exist where you last season*

sold fleece overcoats which cost \$30.00; and this year you handle cheviot overcoats which cost \$29.00):

FORMULA

- (a) Choose the garment in the same classification and price range which was your largest seller in September, October, November 1941, and which you have already priced under 1, 1a, or 2 above. ("Same classification" is defined as shown under 3a on page 3.)
- (b) Divide its ceiling price by its replacement cost. ("Replacement cost" is defined as shown under 3b. on page 3.)
- (c) Multiply the percentage result by the replacement cost of the new garment. (See example under 3 a, b, c, for ready-made suits sold at retail, on pages 3 and 4.)

But you must not add new price lines higher than those of September, October, November 1941 (plus the allowed percentage additions) for garments of the same classification.

For example, if your highest price line of overcoats was \$60 (as in example under No. 1 on page before), your highest price line now will be \$67.80, as determined by the appropriate percentage increases.

RETAIL PRICES OF SUITS, SEPARATE COATS, PANTS, AND VESTS—MADE-TO-MEASURE OR TAILORED-TO-THE-TRADE

1. IF YOU OFFERED THE SAME GARMENT IN JANUARY OR FEBRUARY 1942: *Then your ceiling price is the highest price at which you offered the same garment in January and February plus:*
 - (a) For garments not of tropical weight $7\frac{1}{2}\%$ of the first \$50 for a suit, \$33.50 for coats, and \$16.50 for vests or pants, plus 5% of the remainder.

EXAMPLE:

A tailor offered in February to sell a man a suit for \$75.

Today, his maximum price for the same or similar garment most nearly like it is fixed this way:

Suit (base-period price).....	\$75.00
plus	
$7\frac{1}{2}\%$ of first \$50	3.75
plus	
5% of price over \$50 (5% of \$25).....	1.25
<i>Ceiling price for suit</i>	\$80.00

- (b) For garments of tropical weight, $8\frac{1}{2}\%$ of the first \$50 for suits; \$33.50 for coats; and \$16.50 for vests or pants, plus 5% of the remainder.
- 1a. IF YOU DID NOT OFFER THE SAME BUT OFFERED SIMILAR GARMENTS IN JANUARY AND FEBRUARY 1942: *Then your ceiling price is the highest price at which you offered in January and February 1942 the similar garments most nearly like the garments being priced, plus the allowable percentage additions in a, and b, above.*
2. IF YOU DID NOT OFFER THE SAME OR SIMILAR GARMENTS IN JANUARY AND FEBRUARY 1942: *Then your ceiling price is established by using this formula:*

Mark up the current cost of the garment being priced by your average margin on garments of the same classification. This margin is based on selling price (not cost). Compute the margin as follows:

- (a) Determine the total dollar sales of the garments of the same classification which you booked in October, November, and December 1941.
- (b) Subtract from (a) the total cost of these garments.
- (c) Divide the result by the total dollar sales above. Your new item's maximum selling price shall include the same percentage of gross profit (based on selling price).

EXAMPLE:

You did not offer any 16 oz. worsted suits during January and February 1942. Today your total cost of such a suit is \$35.00. To determine the average *percentage of profit based on selling price* which you have experienced and which you are allowed today, let us say that your total sales during October, November, and December 1941 were:

\$1,000 for all men's suits of nontropical weight.

Your cost was \$ 600 for all men's suits of nontropical weight.

Difference \$ 400 represents your mark-up in terms of dollars.

In terms of a *percentage* of your selling price,
it is 40% (400 divided by 1000).

The price at which you can realize a 40% margin on a suit costing you \$35.00 is \$58.33. Therefore, \$58.33 is your ceiling price on this suit.

But you must not add price lines which are higher than those of January and February 1942 for garments of the same classification plus the allowable percentage additions to the price in (a), and (b), of No. 1 on page 7.

EXAMPLE:

During January and February in the example above, if you carried items priced up to \$45, you are permitted to add to this sum, 7½% of the first \$30, or \$2.25, and 5% of the next \$15, or \$0.75. You will find your highest permitted price is \$48.00. If you want to sell a suit which cost you \$35, as in the example after 2a, b, c, above, you must not sell it for more than \$48.00. But if you carried a \$60 suit in January or February, you could sell the new suit costing \$35 at the \$58.33 which you calculated in the example above.

RETAIL PRICES OF TAILORED-TO-THE-TRADE OR MADE-TO-MEASURE TOP-COATS AND OVERCOATS

1. IF YOU OFFERED THE SAME GARMENT IN THE MONTH OF SEPTEMBER OR OCTOBER 1941: *Then your ceiling price is the highest price at which you offered the garment in September or October 1941, plus 14% of the first \$50 and 8% of that part of the price which exceeds \$50. (See example page 7, following 1 for same type of calculation.)*
- 1a. If you did not offer the same, but OFFERED SIMILAR garments in September or October 1941, THEN YOUR CEILING PRICE IS the highest price at which you offered in September or October 1941 the similar garments most nearly like the garments being priced, plus the allowable percentage additions in 1.
2. IF YOU DID NOT DEAL IN THE SAME OR SIMILAR GARMENTS IN SEPTEMBER OR OCTOBER 1941: *Then your ceiling price is established by using this formula:*

Mark up the current cost of the garment by your average margin on garments of the same classification. This margin is based on selling price (not cost). Compute the average margin as follows:

- (a) Determine the total dollar sales of garments in the same classification which you booked in October, November, December 1941.
- (b) Subtract from (a). the total cost of these garments.
- (c) Divide the result by the total dollar sales.

The ceiling price of your new item shall include a percentage of profit (based on selling price) which is not in excess of this result.

EXAMPLE:

For calculation of price of topcoats and overcoats, see calculation prescribed for suits, etc., pages 7 and 8, No. 2a, b, and c, with example following.

You must NOT add price lines which are higher than those of September and October 1941, for garments in the same classification, plus the allowable percentage additions to the price as calculated in No. 1 above.

RETAIL PRICES FOR ONE-PANT SUITS WHEN TWO-PANT SUITS WERE SOLD IN THE BASE PERIOD

RETAIL PRICES OF READY-MADE SUITS: The Regulation provides that a retailer who sold a two-pant ready-made suit during March 1942 which is otherwise the same as the one-pant suit to be priced shall use the *lower* of the two following prices:

- (a) 85% of the price of the two-pant suit.
- (b) The price of the same or similar one-pant suit sold during March 1942.

RETAIL PRICES OF MADE-TO-MEASURE SUITS: The principle above is also used for suits which are made to measure or tailored to the trade, except that the base period is January and February 1942.

EXAMPLE:

A retailer sold a ready-made suit at \$40 with two pants, and at \$35 with one pant, during March. He will find that 85% of the two-pant price is \$34. Since \$34 is lower than \$35, his ceiling price for this suit when sold with one pant will be \$34.00.

The same retailer sold another ready-made suit at \$30 with two pants and at \$25 with one pant. Eighty-five percent of his two-pant price on this suit is \$25.50. In this case the old one-pant price is the lower of the two, and so the ceiling price of this number when sold with one pant is \$25.00.

A retailer of made-to-measure or tailored-to-the-trade clothing determines his prices in the same way, except that he uses prices at which garments were *offered* in January and February 1942 instead of prices at which garments were *delivered* in March 1942, and is permitted to add to these offering prices the percentages shown on pages 7 and 8.

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MAXIMUM PRICES ARE ESTABLISHED FOR READY-MADE
AND TAILORED-TO-THE-TRADE GARMENTS WHICH ARE
SPECIALLY MANUFACTURED, INCLUDING THOSE COM-

ONLY KNOWN AS SPECIAL MODELS OR SPECIAL ORDER GARMENTS:

Garments which are of unusual measurement, or of different trimmings and construction, or both, but which are otherwise the same or similar to a garment dealt in during the base period, shall be calculated by adding to or subtracting from the maximum price of the regular model a price differential which was customary during the base period for the same type of garment.

TAXES UPON OR INCIDENT TO THE SALE OR DELIVERY OF AN ARTICLE:

I. AS TO TAXES EFFECTIVE DURING THE BASE PERIOD:

- (a) If the retailer paid the tax (or if it was paid by a prior vendor), and the retailer did not state and collect it separately from the purchase price, the tax is included in the ceiling price and cannot now be added.
- (b) In all other cases, if the tax law does not prohibit the retailer from stating and collecting the tax separately from the purchase price, and the retailer does so, he may collect in addition to the ceiling price the amount of tax paid by him. (Or the retailer may collect an amount equal to an amount paid by any prior vendor, if the tax was separately stated to and collected from the retailer by the vendor from whom the retailer purchased.) In such cases, the retailer does not include such amount of tax in determining his ceiling price.

II. AS TO TAXES OR INCREASES IN TAX EFFECTIVE AFTER THE BASE PERIOD:

If the tax law does not prohibit the retailer from stating and collecting the increase or new tax separately from the purchase price, and he does so, he may collect in addition to the ceiling price the amount of the increase or new tax actually paid by him. (Or he may collect an amount equal to an amount of tax paid by any prior vendor which was separately stated and collected from the retailer by his vendor.)

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