

Combines Investigation Act

And I commend this particularly to the Minister of Justice whose questions were asked in an entirely opposite sense:

We further submit that price maintenance does not mean fixed prices because they fluctuate up and down.

I had hoped to be able to give figures on that point, but I do not have them. I am sure they are available. I tried to get them today but I have not had time. We have had a rather busy day today. I hope to be able to get these figures. If we have the opportunity to discuss this on a future occasion I hope to be able to prove this, and I hope the opposite impression which does exist here may be done away with. I want to go on and read something further that Mr. Harris said on page 260. He was questioned by Mr. Boucher, who I think was one of the counsel who were good enough to come and assist the committee out of the goodness of their hearts:

Q. On page 1, point 1 of your brief, you say that resale price maintenance is a stabilizing factor in our economy. What does your group mean by the statement that resale price maintenance is a stabilizing factor?

A. We mean that prices, as you know, are always in movement; they are always fluctuating. Now, let us take an example of one town or one city, and one retailer in it who cuts the price. It may be that the bank is pressing him, or he may have some other reason; but the price structure immediately is broken in that particular community.

Where price maintenance does not exist there is a strong inclination for other retailers immediately to follow, and their prices will drop. Their prices cannot remain permanently down, because it would be unsound price cutting, and their businesses could not live at such a level of prices. But, because we are human and extremely competitively inclined, a great many retailers would undoubtedly cut their prices down to the level of the first retailer, and in that way the price structure of the community would be fluctuating up and down so that the consumer does not know what the proper value is.

I commend that again, Mr. Speaker. There is the statement of a man who is in close touch with marketing. I believe the description he has given is correct. I think when we try to speak inflexibly about these matters we immediately run into exceptions of this kind which he has just mentioned. Mr. Boucher questioned him again as follows:

Q. Would not, in many cases, resale price maintenance retain nominal profit margins to the detriment of profit volume?

That is a very important question, because it is suggested that resale price maintenance might have the effect of restricting consumption, thereby restricting production and thereby injuring the activity of manufacturers. This was the answer:

A. I would like to answer that a little more fully, if I may. I am very glad you asked that question. I checked with the buyers in our own business to get their views on price maintenance and some of them said "we are against it" and I said "why"

[Mr. Macdonnell (Greenwood).]

and they said "because it does not give us a sufficiently wide margin of profit." There is a very decided tendency, and it is generally recognized in the retail trade that on price-maintained items you do not get the same margin of gross profit that you do on those items which are not price maintained. It is the constant search of every buyer to find other than price maintained items to keep his maintained mark-up, as we call it, at a level which allows his department or his store to show a profit.

I was interested in that because, as far as it goes, it would appear to indicate the opposite of what is being suggested often without figures to back it up, namely that price-maintained articles are steadily and generally at a higher level than others. I have here some figures from a responsible source. They are a lot of drug items. I am not going to read them in great detail. It is a list of 216 altogether. Most of them, if not all, except 17 items of household drugs are price-maintained. I will read some of the increases. This is based on 1935-39. Bear in mind that this compares with the rise in the general cost of living of something like—

Mr. Garson: May I ask the hon. member the source of the figures he is using?

Mr. Macdonnell (Greenwood): I think the minister will have to take my word for it. It is a very responsible businessman who deals in this kind of thing. I am satisfied myself that it is reliable. If the minister finds figures that seem to disprove these I will have to back my champion. I do not mention people's names without their permission, and I did not ask permission to mention the name; therefore I shall just have to ask the minister to believe that I believe these.

Mr. Garson: He is a druggist, though?

Mr. Macdonnell (Greenwood): He is in the drug business, yes.

Mr. Garson: Quite.

Mr. Macdonnell (Greenwood): I propose to read perhaps half a dozen of these, which I am assured are price-protected: antiseptics and disinfectants are listed there as 117.6, that is, in relation to 100 on the 1935-39 base; baby products, 121; effervescent salts, 113; insecticides, 117.7; ointments and salves are higher, 119. Against these I have read there is a list of 17 household products which are without price protection, and in that case the figure is very much higher, 154.9. That seems to tie right into what Mr. Harris has said in the evidence that I have just read:

It is the constant search of every buyer to find other than price-maintained items to keep his maintained mark-up, as we call it, at a level which allows his department or his store to show a profit.

The minister gave some figures the other day, and I may say that I checked up and I found they were correct; at least they were confirmed by this same source.