

Combines Investigation Act

an alternative to a bill which, in my estimation, would work definite harm upon the Canadian economy.

In the short time which is permitted for debate on this and other matters, it was not possible, when I spoke on the original amendment the other day, to go into the matter of fair trade. I have in my hand a booklet to which I referred the other day. At that time I was under the impression that every member of this house had received a copy. Since then I have found that they were not distributed generally. There is some pertinent information in it which I believe should be on the record.

Mr. Coldwell: Would the hon. member identify the pamphlet so that we may obtain copies?

Mrs. Fairclough: Yes. At the suggestion of the hon. member for Rosetown-Biggart I should like to say that the title of the pamphlet is "One Hundred and Fifty Million Reasons for Fair Trade". Undoubtedly the one hundred and fifty million refers to the population of the United States. It is a booklet by W. W. Wachtel, President of Calvert Distillers Corporation. He deals with fair trade practices in a fairly general way, and the arguments which he puts out in this booklet are extremely interesting. On the very first page he has what he calls "Dedication", which reads as follows:

This booklet is dedicated to the 1,800,000 retailers in the United States in all lines of business, especially the 91 per cent of the smaller stores which do 70 per cent of the total business. They bolster the free enterprise system which has brought to this country the highest living standards enjoyed by the people of any nation in the history of the world.

The elimination of the small retailer from our system of mass production and distribution can precipitate the end of free enterprise.

Without small business, the individual's right to go into business for himself would be lost. When that time comes . . . when everyone is consigned to a future of working for someone else, the average man may then decide that it would be better to have the government as the only boss. Most Americans fervently hope this never happens here.

If small merchants as a class were wiped out, the middle class in our economy would be on the way out. Then we will have a few big monopolies and 150 million proletarians. That was what Karl Marx predicted would happen to capitalism just before it collapsed.

About 300,000 retailers have been added to the national economy in the past twenty years since the first fair trade law was enacted, indicating that fair trade has promoted competition rather than monopoly and strengthened our merchant class upon which free enterprise depends. Moreover, fair trade is not price fixing and does not increase prices.

Every American who values highly the welfare of his country should support fair trade, because by preserving small business we may prevent transforming America into an alien and perilous two-class system.

I think there is a great deal of truth in that dedication and it can be applied to this

country just as well as to the United States of America because we live in a similar economy. While, of course, our numbers are much less than theirs, nevertheless many of the same rules apply and are interchangeable.

In this booklet Mr. Wachtel goes on to deal with the various phases of fair trade and how they affect the various classes of people in a country such as his—and as ours too. In chapter 2 he has something to say about the producer and fair trade. I do not intend to read all of this chapter. I should just like to make a couple of comments. He picks up again a phrase which he used in the dedication and says "Fair trade is not price fixing." He quotes Governor Herbert H. Lehman as saying:

Fair trade is in no sense price fixing. It does not sanction monopoly, monopoly prices or combinations in restraint of free competition with commodities.

But he goes on to say that not all producers need fair trade laws, as not all have brand names to protect. A manufacturer who has control of the distribution of his product finds fair trade laws unnecessary. But then he goes on to show that the manufacturers who do not control the distribution to the ultimate retailer need the benefit of fair trade laws.

In his next paragraph or chapter he deals with the subject of how fair trade protects the consumer, and he elaborates on what he calls two broad ways that the consumer is protected, the first of which is by preventing the employment of predatory loss leading which uses brand names to build up store traffic to increase the sale of non-fair trade goods. He elaborates that theme. Then his second way is as follows:

The consumer is also protected by fair trade against a loss in quality of brand names. Brand names represent the reputation and integrity of the producer who spends millions to advertise the product. The product achieves wide sale to become a standard brand only because it has been tested widely in the market place, proving that it is of top quality and good value in every respect. However, if price cutting continues on the brand, the producer (in self defence to prevent loss of markets) must eventually reduce the price to the dealer. To continue to sell at a lower price, the manufacturer is soon compelled to lower the quality of the product. The consumer can only get what he pays for.

It narrows down to what Herbert Hoover said: "Honest merchants do not cajole their customers that a dollar's worth of merchandise can be sold for 69 cents."

He goes on to say:

Under fair trade, merchants may not use brand names as bait to get business. If quality is to be maintained, the consumer must pay a dollar for a dollar's worth of goods.

I said something the same in my remarks the other day on the first amendment. It was not until later that I read this article of Mr. Wachtel. I think it is significant that when you get into the discussion on resale